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ABSTRACT

This report focuses on political issues relating to California's major ethnic/racial minorities. Part 1 examines political attitudes and behaviors, with emphasis placed on comparisons between the heavily immigrant Latino and Asian communities and the largely native-born White and Black communities. Discussion and statistical data are provided on: the political attitudes and partisanship of new immigrants as compared to the rest of the population; their participation in the political process, how well racial/ethnic groups are represented at the various levels of California's government, and the problems faced by elected officials trying to represent these constituents. Part 2 covers the status of minority businesses in California, and the effect that government programs have had on them. Questions considered include: (1) How similar are the circumstances and problems facing the Black, Asian-American, and Latino business communities in California? (2) What are the basic government strategies and programs for encouraging business opportunities among immigrants and minorities? (3) What are some of the problems that have arisen with these approaches? Finally, Part 3 brings together survey findings to assess the perceptions of California's minority groups of discrimination and the opportunity structure of American society. A major conclusion drawn is that minority group leaders cannot count on common perceptions of discrimination and justice to foster a natural coalition between their group and other minorities. (KH)

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THE

CALIFORNIA INSTITUTE OF TECHNOLOGY

Division of Humanities & Social Sciences

Presents

A Major Public Symposium

MINORITIES IN CALIFORNIA

Funded By A Grant From

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Panel I

THE POLITICAL IMPACT OF CALIFORNIA'S MINORITIES

Part I of our study looks at the political attitudes and behavior of California's major ethnic/racial minorities. We are particularly interested in the comparison between the heavily immigrant Latino and Asian communities on the one hand and the largely native-born White and Black communities on the other. While many Latinos and Asians have only recently settled in this country, their communities have deep historical roots in California. However, the termination of immigration quotas in 1965 and a surge in the number of undocumented aliens during the past 15 years have dramatically increased the Latino and Asian populations in California, and their future political impact is a matter of much interest and speculation. We will report on three aspects of their politics.

The first aspect concerns the political attitudes and partisanship of new immigrants as compared to the rest of the population. A common, if not always clearly recognized, assumption is that immigrant groups will politically gravitate towards each other and other minorities. We will argue that this is not necessarily so, and that the political interests of California's immigrants/minorities diverge in sometimes

surprising ways. A second area of investigation is their participation in the political process. How quickly are they becoming involved in politics, and what accounts for any differences we might find? Finally, we will look at how well racial/ethnic groups are represented at the various levels of California government and discuss the problems minority officials face in trying to represent their constituents.

THE POLITICAL INTERESTS OF CALIFORNIA'S MINORITIES: A RAINBOW COALITION?

The 1984 election brought the question of racial and ethnic coalitions to the foreground. Jesse Jackson based his campaign for the Democratic party Presidential nomination upon what he called a "Rainbow Coalition." This coalition, he maintained, would include Latinos "who this very night are living under the threat of the Simpson-Mazzoli bill," and Asian-Americans who are "now being killed in the streets--scapegoats for the failures of corporate, industrial and economic policies," as well as Blacks and sympathetic elements of the White electorate.(1) Others, however, are skeptical about the prospects of a Rainbow coalition. Professor Sam Popkin, reflecting upon the magnitude of the Mondale defeat, argues that a coalition of "Blacks, working women and the elderly" would fail to attract "White working men and other minorities," because their political interests were not compatible.(2)

Predictions about future coalitions are very much influenced by the history of previous political alignments. In the nineteenth and

early twentieth centuries, Irish, Italian and East European immigrants found their political home in the Democratic party. The effects of cultural assimilation and social mobility have weakened the Democratic loyalties of these older ethnic groups during the post war years.(3) But because the political path for earlier immigrants began with the Democrats, it is assumed almost naturally that the new immigrants will start there as well. Viewed historically, the Rainbow coalition can be seen as a new variation of an old memory.

There are in fact parallels between the changes that occurred in the late nineteenth and early twentieth centuries and those occurring in the contemporary period. The present era, like the earlier one, is experiencing dramatically rising immigration. Legal immigration, as Figure one shows, has grown sharply from approximately one half a million during the forties to over four million in the seventies. While no one can give reliable estimates of the number of undocumenteds in this country, they could add as many as six million to the current figure.

[Insert Figure I-1 Here]

Another historical parallel is the manner in which immigration is visibly changing the racial and ethnic mix of this country, as it did in the previous period. In the fifties, Europeans constituted 59% of the immigrants, but by the seventies, the figure had dropped to 18%. At the same time, Latinos rose from 22% to 41% of all legal immigrants, and Asians from 6% to 36%. This shift in the racial/ethnic makeup of

new citizens has had a particularly noticeable effect on certain states, including California. In 1950, 87% of Californians were White. By 1980, that number had dropped to 67% with Latinos constituting 19%, Blacks 8% and 5% Asian-Americans of the population. Recent projections suggest that the number of non-Hispanic Whites will drop below 50% by the year 2010.

[Insert Figure I-2 Here]

DIFFERENCES IN RACIAL/ETHNIC GROUP CIRCUMSTANCES

But how will these changes affect California politics? Do the new immigrants have common interests with one another and with native born minorities such as the Blacks? Before examining data we have collected on these questions, it might be useful to compare the median circumstances of both immigrant and native born minorities in California. Political attitudes do not, of course, flow deterministically from a person's occupation, income, education level and the like, but in the aggregate, there do seem to be statistical correlations. Hence, understanding differences in the demographic circumstances of various groups offers some clue as to likely differences in their attitudes as well.

When the various minorities are sorted by their demographic circumstances, it is immediately apparent that their interests are not identical. Figure 3 plots the percent native-born in a racial/ethnic

group on the vertical axis by the median family income on the horizontal axis.

[Insert Figure I-3 Here]

The point this figure clearly illustrates is that racial/ethnic minorities can have similar and different objective interests at the same time. For instance, Blacks and Whites in California have in common the characteristic of being primarily native born, and, as a consequence, both stand to benefit less from bilingual education programs or permissive immigration laws than Asians and Latinos. That does not mean that Blacks and Whites will necessarily oppose such measures, but only that they will likely have a different perspective on them as compared to the Mexican, Korean, Chinese or Filipino communities.

However, on the dimension of income, Blacks and Whites in California diverge. This, it has been argued, accounts for the strong loyalty of Blacks to the Democratic party and the defections of many White Democrats to Republican candidates in the eighties. Note finally, that there is considerable diversity in the circumstances of different Asian communities. For instance, the Japanese are primarily native-born whereas the opposite is true of the Koreans. We might expect, therefore, some differences in the modal attitudes of these two communities.

In addition to these differences, there are some others that are worth noting in passing:

1. The Californian Mexican-American community is the youngest (median age 21.9) of all the minorities and well below the median for the whole population (29.9). This is politically significant, because the youthfulness of the Mexican-American community combined with the presence of significant numbers of undocumenteds creates a crucial discrepancy between the size of the Mexican-American population on the one hand and the size of its electorate on the other. To take an example, in the 14th Los Angeles city council seat, Latinos constituted about 73% of the population but just a little over half of the electorate. This kind of discrepancy makes it hard to translate population advantages into politically effective majorities.

2. California Blacks are more likely than any other minority in California to live in the central city (i.e., 58%) as opposed to suburban or rural areas. This fortuitous fact has facilitated the establishment of Black-dominated districts in California whereas it has been more difficult to give representation to Latinos and Asians because their populations are more dispersed (e.g., only 33 tracts out of 5,050 have Asian concentrations greater than 40% in California).

3. California's Asians are much more highly educated than its Blacks and Latinos. For instance, whereas 90% of Koreans, 88% of Japanese, and 77% of Chinese males over the age of 25 are high school graduates, the corresponding figures for the Latinos and Blacks are 45% and 69% respectively. As numerous academic studies have shown, better

educated individuals are generally more inclined to keep themselves informed of politics and to participate in the process.(4)

Overall, we can summarize the differences between the objective situations of California's racial/ethnic minorities in the following way: Latinos and Blacks have certain electoral advantages in terms of population and concentration, but lack the economic resources (that could be used to make campaign contributions) and the education (that would lead to a high level of participation) enjoyed on average by the Asian-American community. This will be relevant when we consider data about minority political activity.

DIFFERENCES BETWEEN ETHNIC/RACIAL GROUP ATTITUDES

The prospects of a Rainbow coalition (or indeed any other kind of coalition) between California's minorities will depend at least in part on similarities and differences of opinions between these communities. In the discussion that follows, we will analyze the three minority communities separately and point out the ways in which the political attitudes of each are distinctive from or resemble the others. The data for this part of the study come from a survey of 1642 California Asians, Blacks, Latinos and Whites conducted immediately after the 1984 election. The details of the design and nature of the sample are described in an appendix to the report.

[Insert Table I-1 Here]

1. Latinos

Latino attitudes are most distinctive from those of other racial/ethnic groups on issues of language and immigration: they tend to favor bilingual programs more and employer sanctions less than Blacks, Asians or Whites in California. Specifically, we found:

--Latinos were the only group that overwhelmingly approved of amnesty for illegal immigrants (61% in favor; 20% oppose; 19% no opinion);

--Latinos were the only group that did not favor employer sanctions although Latino opinion is almost evenly divided on this question (40% in favor; 42% oppose; 18% no opinion);

--Latinos were the most likely to support bilingual education programs (69% in favor; 22% oppose; 9% no opinion);

--Latinos were the most supportive of bilingual ballots of all groups surveyed (60% in favor; 31% oppose; 9% no opinion).

However, on certain social issues, particularly those tied to religion, Latinos exhibit more conservative views. For instance,

--Latinos were the most likely to think that abortion should never be permitted and least likely to take a pro-choice position (13% abortion should never be permitted; 47% permitted under certain circumstances; 40% pro-choice). However, most Latinos do not favor a

ban on federal spending on abortions (48% oppose; 32% in favor; 20% no opinion)

--Latinos, more than Whites, favor prayer in the public schools (53% in favor; 26% oppose; 21% no opinion).

A common pattern on issues that fall, roughly speaking, on a left-right dimension is for Latinos to be closest in position to, but less liberal than, the Blacks, and more liberal than the Asians or Whites; Examples of this are opposition to increased military expenditures (48% oppose; 28% in favor; 24% no opinion), support for the equal rights amendment (76% in favor; 10% oppose; 14% no opinion), support for increased spending on welfare (73% in favor; 16% oppose, 11% no opinion), and more hesitancy about the death penalty than Whites or Asians (57% in favor; 21% oppose; 22% no opinion).

All respondents were asked to say which problem was the greatest one facing the United States today. For the most part, the responses only differed slightly across the different racial/ethnic categories. One clear and plausible difference, however, was that Latinos (26%) and Blacks (31%) were much more likely to mention unemployment than Whites or Asian-Americans.

[Insert Table I-2 Here]

In addition to comparisons between Latinos and other ethnic/racial minorities, we have analyzed differences in opinion within the Latino community. These results are derived from fairly

sophisticated statistical exercises, which are displayed in the appendix of this report. Here, we will only summarize the major conclusions:

--the gender gap was more apparent in the Latino population than any other group, including Whites. Latino males were more in favor of the death penalty, increased arms expenditure and employer sanctions than Latino females;

--on the whole, there were few measurable differences between Mexican-Americans and other Latinos. One difference we did find was that other Latinos were more likely to favor increased military expenditures than Mexican-Americans;

--first generation Latinos have significantly different views on certain issues than second and third generation Latinos. In particular, first generation Latinos were more likely to favor amnesty for illegals, bilingual education programs, school prayer and increased welfare expenditures. The rather striking differences in generational attitudes towards amnesty are displayed in Figure I-4;

--there were significant differences between lower and upper income Latinos on many issues. Upper income Latinos were more likely to oppose increased welfare expenditures, a ban on federal funds for abortions, school prayer, and to favor gun registration and employer sanctions.

[Insert Figure I-4 Here]

The last two points suggest that Latino attitudes on various issues could change significantly in the future if the number of second and third generation Latinos increases relative to the number of foreign born Latinos, and if Latinos succeed in improving their economic situation to any important degree. In this sense, Latinos may follow the earlier path of the Irish and Italian immigrants, as was discussed previously. On the other hand, the continued influx of both legal and undocumented immigrants could perpetuate Latino sensitivity to the needs of foreign-speaking and lower income individuals, or even bifurcate Latino opinion between its more prosperous second and third generations and its less prosperous first generation.

2. Asian-Americans

The Asian-American community, as we have seen, has many foreign-born members, as does the Latino, but is more prosperous, better educated and older than the Latino community. Looking at the demography of the Asian community, we might expect that it shares the Latino concern for bilingualism and immigration policy, but instead we find some important differences:

--in terms of the use and acquisition of English, Asians and Latinos are very similar. Fifty-two percent of Asians report that some language other than English is their primary language while the corresponding figure for Latinos in our survey was 57%. When those who spoke a foreign language were asked to say which language they spoke at home, 47% said the other language more, 37% said the other language and

English about the same amount, and 16% said English more. The figures for Latinos were comparable (i.e., 43% other language more; 38% both Spanish and the other language the same; and 16% said English more);

--However, in spite of the above mentioned similarities, Asians were much less enthusiastic than Latinos and even than Blacks about bilingual education programs (51% of Asian-Americans in favor; 40% opposed and 9% no opinion);

--similarly, Asians were less likely to favor bilingual ballots than Latinos (44% of Asian-Americans in favor; 50% oppose; 6% no opinion);

--Asian-Americans were much more likely than Latinos to favor employer sanctions (51% in favor; 34% oppose; 15% no opinion);

--Asian-Americans were much less likely than Latinos to favor amnesty for undocumenteds (43% in favor;33% oppose; 24% no opinion).

On issues that fall on the liberal-conservative spectrum, a recurring pattern is for Asian-Americans to be closer to (though usually more liberal than) Whites, and more conservative than Blacks and Latinos. Examples of this are the following:

--Asian-Americans were less likely to favor increased welfare spending than Blacks and Latinos but more likely than Whites (i.e., 66% in favor; 24% oppose; 10% no opinion);

--Asian-Americans strongly support the death penalty as do Whites (73% in favor; 14% oppose; 13% no opinion);

--Asian-Americans were the most likely to favor increased military expenditure of all groups including Whites (38% in favor; 42% oppose; 20% no opinion).

As with the Latinos, there were significant variations of opinion within the Asian-American community. The most important were between different Asian-American nationalities. For instance:

--the political attitudes of the Japanese on the whole most resembled those of the Whites in our sample. The two most significant variations were that Japanese were more likely than the Whites in the sample to favor the death penalty (81%) and less likely to favor school prayer (32%). These exceptions aside, the general similarity of White and Japanese attitudes is consistent with the common wisdom that the Japanese-American community has a highly assimilationist ethos.

--Koreans were the most sympathetic of the Asian-American groups to the Latino position on bilingualism and immigration reform. Sixty-two percent of the Koreans favored bilingual education versus only 44% of the Japanese, and 45% favored employer sanctions as compared to 61% of the Japanese. Recalling Figure I-3, the respective positions of the Koreans and Japanese reflect the different sizes of their foreign-born populations;

--Filipinos, coming from the only Christian Asian country, were the most likely Asian-American group to favor prayer in the public schools. They were also the strongest supporters of increased military expenditures;

--There was no distinguishing pattern to Chinese-American attitudes other than being generally conservative.

In addition to these variations across Asian-American groups, there were a few other observations of note:

--Asian-Americans were the only racial/ethnic group that revealed no differences between males and females on political issues;

--There was virtually no difference between Asian Republicans and Democrats in political attitudes, other factors being equal. Asian Democrats are as conservative as Asian Republicans;

--There were important differences between Asian-American generations on a number of issues. First generation Asian-Americans were more likely to favor bilingual education, bilingual ballots, amnesty for undocumenteds, increased arms expenditure, gun control and school prayer.

In sum, Asian-Americans show somewhat less sympathy for the Latino position on issues that affect recent arrivals to this country than one might expect, although the Koreans are an exception to this rule. On

other issues (with a few exceptions), Asian-Americans are much more conservative than Latinos in their viewpoint.

3. Blacks

The political behavior of this minority group has been much studied, and hence a few of our findings about Blacks will seem familiar. In general, of course, Blacks are the most liberal and loyally Democratic of all the racial/ethnic groups in the United States. Examples of this from our data are the following:

--Blacks were the most likely of all ethnic/racial groups to support increased spending on welfare (84% in favor; 6% opposed; 10% no opinion) and the equal rights amendment (81% in favor; 6% opposed; 13% no opinion);

--Blacks were the least likely to support the death penalty (47% in favor; 30% opposed; 23% no opinion), and increased military spending (18% in favor; 52% opposed; 30% no opinion).

However, on several social issues, Blacks in this sample, at least, revealed a surprising degree of conservatism. Consider the following items:

--Blacks were the most likely to support prayer in the public schools (62% in favor; 22% opposed; 16% no opinion);

--Blacks were the most likely to favor a ban on federal spending on abortions (36% in favor; 40% opposed; 25% no opinion) and

the least likely to favor a ban on handguns (41% in favor; 41% opposed; 18% no opinion);

Moreover, on issues affecting immigrants, Blacks do not adhere closely to the Rainbow coalition positions. They were generally sympathetic to the Latino demand for bilingual education programs (63% in favor; 25% opposed; 12% no opinion), but not very sympathetic to the Latino position on Simpson-Mazzoli: A majority of the Blacks surveyed favored the use of employer sanctions (52% in favor; 33% opposed; 15% no opinion) and were considerably less enthusiastic about amnesty for undocumenteds (41% in favor; 35% opposed; 24% no opinion) than Latinos.

As with the other racial/ethnic groups, there were some notable variations in political attitudes within the Black community. In particular, we found:

—Those who designated themselves as belonging to a evangelical protestant church (55% of our Black sample) were much more likely to favor a ban on federal abortion funds, to favor prayer in the public schools, to be against gun registration and to oppose the ERA. In short, a major determinant of the social conservatism we observed among Blacks is the influence of fundamentalist protestantism;

—As with the Latinos, higher income Blacks were less liberal on issues like the ERA, death penalty, bilingual education, employer sanctions and arms expenditure than lower income Blacks;

--However, Blacks with a higher level of education, at all levels of income, tend to have a more liberal orientation, favoring greater welfare expenditures, the ERA and bilingual ballots.

4. Whites

The term Whites for the purposes of this survey encompasses all non-Blacks, non-Latinos and non-Asians: in other words, it is a kind of residual category. For this reason, one must be cautious about interpreting the findings. Still, it is useful to ask what the "majority" perception on key issues is. On the questions of immigration and language, it is not surprising to learn that Whites tend to be least sympathetic to bilingualism and most enthusiastic about immigration reform. Specifically,

--Whites were most likely of all racial/ethnic groups to favor employer sanctions (62% in favor; 26% opposed; 13% no opinion) and the most opposed to amnesty (44% in favor; 40% opposed; 16% no opinion);

--Whites were the least likely of all groups to support bilingual education programs (41% in favor; 51% opposed; 8% no opinion) and bilingual ballots (29% in favor; 67% opposed; 4% no opinion).

However, there are interesting variations within the White community on these issues. For instance,

--those Whites whose primary language is not English, were more sympathetic to bilingual education programs (54% in favor) than those whose primary language is English were (40% in favor);

--party is a much better predictor of White than minority attitudes. White Republicans were less likely to favor ERA, bilingual education, bilingual ballots, and a ban on handguns and more likely to favor cuts in welfare expenditures, a ban on abortion funds and the death penalty than White Democrats;

--upper income Whites are more likely to oppose bilingual education and lower income Whites are more likely to oppose amnesty for undocumenteds. In other words, the nature of White reaction to immigrants varies with the individual's economic position.

PARTISANSHIP AND THE 1984 VOTE

The most dramatic evidence that the political interests of California's Asians diverge from those of the other large minority groups in California is the 1984 vote. Sixty-seven percent of the Asian-Americans in our survey reported that they had voted for Ronald Reagan in the 1984 election and 32% voted for Walter Mondale. By comparison, Blacks (6% Reagan; 92% Mondale) and Latinos (36% Reagan; 63% Mondale) overwhelmingly preferred Mondale. Moreover, the Asian-American preference for Reagan in 1984 does not appear to be merely a transient phenomenon. Asian-Americans in our sample were more likely to be registered as Republicans (42% Democratic; 41% Republican; 16%

Decline to state) than Blacks (89% Democratic; 6% Republican; 6% Decline to state) or Latinos (75% Democratic; 17% Republican; 9% Decline to State).

Looking at the voting and registration statistics per se does not always convey the full picture of an individual's or a group's partisanship. One of the standard questions in political surveys asks respondents whether they generally consider themselves to be Democrats, Republicans or something else, and if so, how strongly they consider their partisan identification. Out of this comes a seven fold classification ranging from strongly Democratic to strongly Republican. This is displayed in Table I-3. Several important observations can be made from this data. First, the distinctive and strong loyalty of the Blacks to the Democratic party as compared to the other racial/ethnic groups, including the Latinos, is very much evident. More than twice as many Blacks describe themselves as strongly Democratic than Latinos do, and Latinos are more than twice as likely than Asians to describe themselves in this way. This clearly illustrates the point about the party loyalty of Black Democrats.

[Insert Table I-3 Here]

A second striking point is that not only are Asian-Americans more likely to be registered as Republicans than Blacks or Latinos, but about as many Asians as Whites say that they are strong Republicans. Moreover, almost twice as many Asian-Americans say that they are strong Republicans as say that they are strong Democrats. Most Asian

Democrats are weak or leaning Democrats, as is also evident from the high Reagan vote in 1984.

PARTICIPATION OF MINORITY GROUPS

A crucial question, if minorities are to be represented well by the political system, is whether minority individuals participate fully in the political process. A number of previous studies have documented the lower participation of Blacks and Latinos. We have extended these efforts in two directions. First, we add Asian-Americans to the comparison. Secondly, we look at the activities of noncitizens. Our political system entitles noncitizens to representation--districts are designed on the basis of population as opposed to eligible voters for that reason--but, of course, it restricts their participation in various ways. Since we have already seen that noncitizens and first generation individuals tend to have different opinions on certain issues than citizens and later generations, this raises an interesting problem: how do the views of noncitizens get represented if they lack the right to vote?

In examining the facts of minority political participation, we will look first at some standard political activities and then at other ways that minorities can communicate their views to public officials. The most common forms of political activity are registering for and then voting in an election. At first glance, the discrepancies in the voting rates of foreign and native born communities seem vast. In 1984 84% of the Whites said they were registered, and 81% said that they

voted. By comparison, only 53% of the Latinos and 55% of the Asian-Americans said that they were registered, and 44% and 48% respectively said that they voted. The low figures for the Asian-Americans and Latinos reflect in part the large number of noncitizens in each community. Adjusting for noncitizens, we find that 61% of the eligible Latinos and 69% of the eligible Asian-Americans voted in 1984. In short, there is still some discrepancy, but it is not so great as it was before.

Assuming that what people told us is reliable information, there may be some small degree of voter fraud in California. Nine of the Latino noncitizens (i.e., 1.5%) and four of the Asians (i.e., 1.3%) maintained that they voted in 1984 even though they were not citizens. Relying on survey data, as we are, it is difficult to know whether respondents were telling the truth or not. We can only report that they claimed to have been noncitizens and to have voted in 1984.

[Insert Table I-3 Here]

Table I-3 shows the participation rates for activities other than voting, breaking the figures down by the categories of the whole population, the voter eligible population and noncitizens. Considering first the question of noncitizen participation, we find that:

—noncitizens do participate in such political activities as working on a campaign, giving money to a candidate, attending political rallies and exhibiting political stickers/bumpers;

--however, as one would expect, the participation rates of the eligible population are considerably higher than those of non-citizens for all activities except for exhibiting a political bumper/sticker;

--6% of Latino and 4% of Asian noncitizens claim to have contributed money to a campaign. It is quite likely that many of them are unaware of the law on this matter;

Noncitizens aside, we find that:

--Asian-Americans are generally less likely than Blacks, Latinos and Whites to have participated in political activities in 1984 with the exception of giving money. Almost a quarter of the eligible Asian-Americans claim to have contributed money to some political unit in 1984;

--Blacks are the most likely to have attended a political rally. Fifteen percent of the Blacks claim to have attended some kind of political rally in 1984;

--Latinos and Blacks (10%) are more likely to exhibit stickers/bumpers showing their support for a candidate/party than the Whites and Asian-Americans in our sample;

--adjusting for noncitizens raises the participation rates for Latinos and Asian-Americans in most instances. Indeed, once these

corrections are made, the rates across all four groups appear much more comparable.

Participation in the political process by voting or other activities is one way to influence or gain access to political representatives, but there are other ways that office-holders can at least be made aware of constituent concerns. An obvious one is by direct communication with the representative. Respondents in our survey were asked to say whether they had at any time attempted to communicate their opinion to elected officials. From their answers, we can observe that:

--minorities in general were less likely than Whites (48%) to have ever made known their opinions to their elected representatives even after;

--Blacks, who were more likely to be represented by Black representatives than Asian-Americans or Latinos were by Asian-American or Latino representatives, were also more likely to have communicated their opinions to their elected officials than other minorities;

--18% of Latino noncitizens and 20% of Asian-American noncitizens claimed to have attempted to communicate their opinion to elected officials.

Another method of getting notice is to communicate one's opinion through the news media. Here we find that:

--there were minute differences between the groups in their political use of the media;

--12% of the Latino noncitizens and 23% of the Asian noncitizens claimed to have used the media in this fashion.

[Insert Table I-4 Here]

Finally, we asked about the propensity of different racial and ethnic categories to work within a group context to solve social and political problems as opposed to acting individually. We found:

--Asian-American and Latino citizens were twice as likely as noncitizens to have joined in such a group action. This suggests that the relative non-participation of Asian-Americans and Latinos is due principally to the large numbers of noncitizens in their populations;

--but even so, 11% of Asian-American and Latino noncitizens claimed to have cooperated with a group to solve a community problem.

There were important differences between the racial/ethnic groups in the kinds of community problems they were trying to solve by group action. In particular,

--Whites were most likely to have worked on world/national issues (19%), pollution/litter (15%) and crime (12%);

--Blacks were most likely to mention crime (32%), pollution (14%) and moral values(11%). When asked about the most important

problems facing Blacks specifically, they mentioned unemployment (52%) and discrimination (20%);

--Latinos were most likely to have organized over the issues of crime (22%), education (15%) and pollution/litter (12%). They claimed that the most important problems facing Latinos specifically were race relations (25%), unemployment (21%) and education (20%);

--Asian-Americans were most likely to have taken organized group action on pollution/litter (20%) and crime (19%). They claimed that the major problems facing Asians specifically were race relations (33%), adjusting to a new language/culture (16%) and unemployment (11%).

THE ELECTION OF MINORITY REPRESENTATIVES

There has been much concern in recent years about the success of minority candidates running for political office in California. Political power takes many forms, and thus, a group that does not have a large number of elected officials among its members is not necessarily powerless. Still, for disadvantaged groups especially, the election of representatives who share their perspective on issues is extremely important since, unlike wealthier groups who can use campaign contributions to gain access and response from politicians, their votes are their most important leverage over candidates. In theory, a candidate who owes reelection to a given group will be more responsive to them, regardless of the candidate's own race, color or creed. In

reality, there is an additional symbolic aspect of representation when voters are represented by one of their own. The election of one of your own is an assurance that the system does not discriminate against your group. Minority representatives, it is often claimed, have a deeper understanding of their racial/ethnic group's problems. Minority representation may also have important secondary effects such as encouraging other members of the group to get involved in political/community affairs and promoting feelings of ethnic/racial pride.

For all these reasons, it is useful to chart the progress of minority candidates and to examine patterns of minority representation. To this end, we have put together information on California's minority elected officials, drawing upon the efforts of other researchers who have assiduously compiled lists of Black, Latino and Asian officeholders. Since each list was compiled by a different scholar or organization, there are some inevitable discrepancies. The lists were also collected at different times, but all roughly speaking cover the decade from the early seventies to the early eighties. Given the problems with the data, we will remark on only the most obvious observations.

First, on the question of the success of minority groups at different levels, the following seems to be true:

—in terms of state-wide office, Asian-American and Black candidates have been more successful than Latinos. No Latino was

elected during this period to statewide office, while only two Blacks and two Asian-American candidates were;

--Blacks and Latinos have been much more successful at winning Congressional and state legislative seats during this period whereas Asian-Americans have been far less so. The legislative success of Blacks and Latinos is due in good measure to the enforcement of the Voting Rights Act. Asian-Americans have been less successful at this level, in part because they lack the concentrated population to control a state Assembly or senate race;

--Asian-Americans have been more successful at winning city offices including Mayor and Vice Mayor as well as city council;

--Blacks have been very successful in winning college and school board positions. The Latino lists are incomplete for educational offices, but the Black-Asian comparison is valid. It is interesting that although Asian-Americans are better educated on average, Blacks have been more heavily involved in educational affairs;

--all three minority groups are fairly well represented in the courts, which attests to the racial and ethnic sensitivity of the appointment process in California.

An important distinction to make between minority candidates is whether they represent their group as a voting bloc or whether they run unidentified with any racial/ethnic group. As a general impression, Blacks and Latinos tend to run as representatives of their

racial/ethnic group more than Asians do. This generalization applies to almost all the Asian-American candidates at the state legislative level and above, several of whom have explicitly stated that they do not consider themselves to be minority candidates per se.

A reflection of this, and perhaps a cause as well, is the kind of districts that minority candidates represent. This is illustrated in Table I-5 where we have merged demographic data about the area that office-holders represent onto the file. Since the demographic characteristics of council and school board districts are often not available, we have used the city wide data. This allows us to make some important points, but it likely understates the real relationship between racial/ethnic composition and minority representation.

[Insert Table I-5 Here]

Even so, the data show clearly that Latinos and Blacks are more likely to hold office in areas in which their populations are concentrated than Asians are. Whereas over two-thirds of Asian officeholders represent areas that are less than 10% Asian, the opposite is true for Blacks and Latinos. Indeed, 19% of the Black and 16% of the Latino office-holders come from districts/areas that are 50% Black or Latino (and,as we said before, this is likely an understatement). However, while Asian office-holders do not represent Asian areas per se, they are highly likely to represent areas of overall minority concentration. Over half of the Asian-American officeholders are elected in areas that are at least 40% minority. In

short, Asian-American candidates may not be running as Asian-American representatives, but their prospects for election seem to rise with the overall concentration of minorities. Thus, Asian-American candidates may be more dependent on minority voting blocs than is commonly supposed.

CONCLUSION

Whether there will be a political coalition of minorities depends on which issues prove to be most salient in the future. On many issues that separate lower and higher income groups, Latinos and Blacks will coalesce in opposition to most Whites and Asian-Americans. On issues of language and immigration, the alignments are potentially more complex. Blacks, as we have seen, are sympathetic to Latino demands for bilingual education programs, but are not in agreement on immigration policy. There are also significant variations between different Asian-American groups on these issues.

How quickly the modal attitudes of California's different racial/ethnic groups are responded to by representatives depends upon two factors. One is the level of minority political participation. Noncitizens do participate in the political process, including ways that are not legal. However, the political power of both the Latino and Asian-American communities has been retarded some by the relatively lower participation rate of eligible Latinos and Asians. In the case of the Latinos, this is another manifestation of the tendency of lower socio-economic groups to not participate as heavily as higher socio-

economic groups. In the case of the Asian-Americans, the cause is more cultural than socio-economic.

The other factor in achieving representation is the success these groups have in electing their own representatives. Aided by the Voting Rights Act, Blacks and Latinos in California have been relatively successful in winning Congressional and state legislative districts. At the same time, they have been less successful at the state-wide and mayoral level. Asian-Americans have tended not to run as Asian-American candidates, and have had relatively more success at the state-wide and mayoral level than the Blacks and Latinos. As the Asian-American communities grow to numbers large enough to control legislative districts, it will be interesting to see if more Asian-American candidates begin to run as ethnic candidates.

Table I-1

ISSUES BY ETHNICITY

		White	Black	Latino	Asian-American
Increased Military Expenditure	Favor	32	18	28	38
	Oppose	56	52	48	42
	DK	13	30	24	20
Equal Rights Amendment	Favor	66	81	76	70
	Oppose	19	6	9	13
	DK	15	13	15	17
Tax Credit For Parochial-Private Schools	Favor	46	41	40	40
	Oppose	37	37	37	37
	DK	17	22	23	23
Prayer In Public Schools	Favor	50	62	53	46
	Oppose	41	22	26	33
	DK	9	16	21	21
Increased Spending On Welfare	Favor	59	84	73	66
	Oppose	30	6	16	24
	DK	11	10	11	10
Ban Federal Spending On Abortions	Favor	35	36	32	31
	Oppose	48	40	48	44
	DK	17	25	20	25
Ban On Handguns	Favor	47	40	47	55
	Oppose	47	41	39	33
	DK	6	19	14	12
Death Penalty For Murder	Favor	75	47	57	73
	Oppose	15	30	21	14
	DK	10	23	22	13
Amnesty For Undocumenteds	Favor	44	41	61	43
	Oppose	40	35	20	33
	DK	16	24	19	24
Use of Employer Sanctions	Favor	62	52	40	51
	Oppose	25	33	42	34
	DK	13	15	18	15
Bilingual Education Programs	Favor	41	63	69	51
	Oppose	51	25	22	40
	DK	8	12	9	9
Bilingual Ballots	Favor	29	49	60	44
	Oppose	67	38	31	49
	DK	4	13	9	7

Table I-2

BIGGEST PROBLEM FACING UNITED STATES

(1984)

	White	Black	Latino	Asian-American
Crime/Drugs	10%	21%	14%	13%
Foreign Policy	21%	14%	17%	18%
Morality	4%	2%	1%	5%
Education/Health	3%	3%	4%	2%
Race Relations	3%	5%	3%	7%
Economy (Inflation, Deficits, Etc.)	30%	20%	21%	26%
Unemployment	14%	26%	31%	18%
Poverty/Welfare	5%	3%	3%	2%
Other	10%	6%	6%	9%

Table I-3

STRENGTH OF PARTY IDENTIFICATION

BY RACE/ETHNICITY

	White	Black	Latino	Asian-American
Strong Democrat	18%	56%	26%	10%
Weak Democrat	19%	22%	28%	25%
Leaning Democrat	9%	9%	7%	7%
Independent	7%	5%	10%	10%
Leaning Republican	7%	2%	6%	9%
Weak Republican	15%	1%	12%	19%
Strong Republican	20%	2%	8%	19%
Other	5%	2%	3%	1%

n = 1,358

Table I-4

COMPARISON OF POLITICAL ACTIVITIES

		White	Black	Latino	Asian-American
Contributed Money	All	20%	18%	12%	18%
	Citizens	---	---	15%	24%
	Noncitizens	---	---	6%	4%
Exhibit Sticker/ Poster	All	8%	10%	10%	6%
	Citizens	---	---	11%	4%
	Noncitizens	---	---	9%	5%
Work On Campaigns	All	6%	5%	3%	3%
	Citizens	---	---	4%	4%
	Noncitizens	---	---	1%	2%
Attended Political Rally	All	14%	15%	9%	9%
	Citizens	---	---	12%	11%
	Noncitizens	---	---	3%	4%

Note: All = Percent Of White, Black, Asian-Americans, and Latino Total
Citizens = Percent Of Eligible Asian-Americans and Latinos
Noncitizens = Percent Of Noncitizens Asian-American and Latinos

Table I-5

MAKING VIEWS KNOWN

		White	Black	Latino	Asian-American
Communicated Views To Elected Officials	All	48%	38%	25%	26%
	Citizens	---	---	28%	30%
	Noncitizens	---	---	18%	20%
Communicated Views To News Media	All	22%	20%	18%	24%
	Citizens	---	---	23%	32%
	Noncitizens	---	---	7%	24%
Worked With Group To Solve Community Problem	All	34%	37%	19%	24%
	Citizens	---	---	24%	31%
	Noncitizens	---	---	11%	11%

Table I-6

SUCCESS OF MINORITY ELECTED OFFICIALS

AND MINORITY POPULATION

	0-10%	11-20%	21-30%	31-40%	41-50%	50%+
	Percent Total Minority					
Asian-American Elected Officials	9.0%	3.0%	15.0%	21.0%	24.0%	28.0%
Black Elected Officials	0.3%	3.0%	7.0%	27.0%	21.0%	21.0%
Latino Elected Officials	3.0%	8.0%	20.0%	20.0%	20.0%	22.0%
	Percent Asian-American Population					
Asian-American Elected Officials	73.0%	11.0%	13.0%	3.0%	0.0%	0.0%
	Percent Black Population					
Black Elected Officials	27.0%	36.0%	7.0%	2.0%	9.0%	19.0%
	Percent Latino Population					
Latino Elected Officials	9.0%	33.0%	27.0%	7.0%	7.0%	16.0%

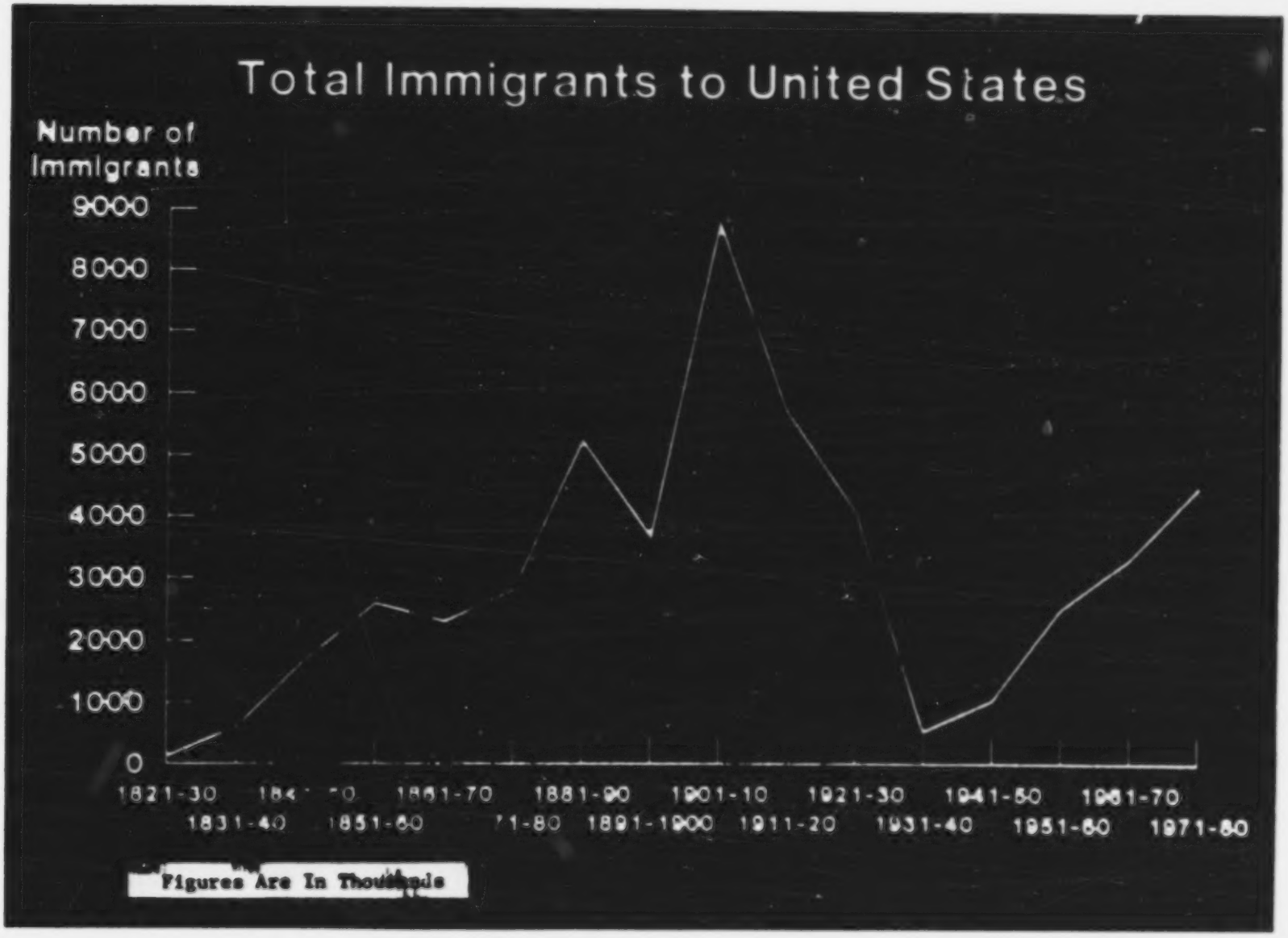
Total Immigrants to United States
Number of Immigrants
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
1821-30
1831-40
1841-50
1851-60
1861-70
1871-80
1881-90
1891-1900
1901-10
1911-20
1921-30
1931-40
1941-50
1951-60
1961-70
1971-80
Figures Are In Thousands

Figure I-1

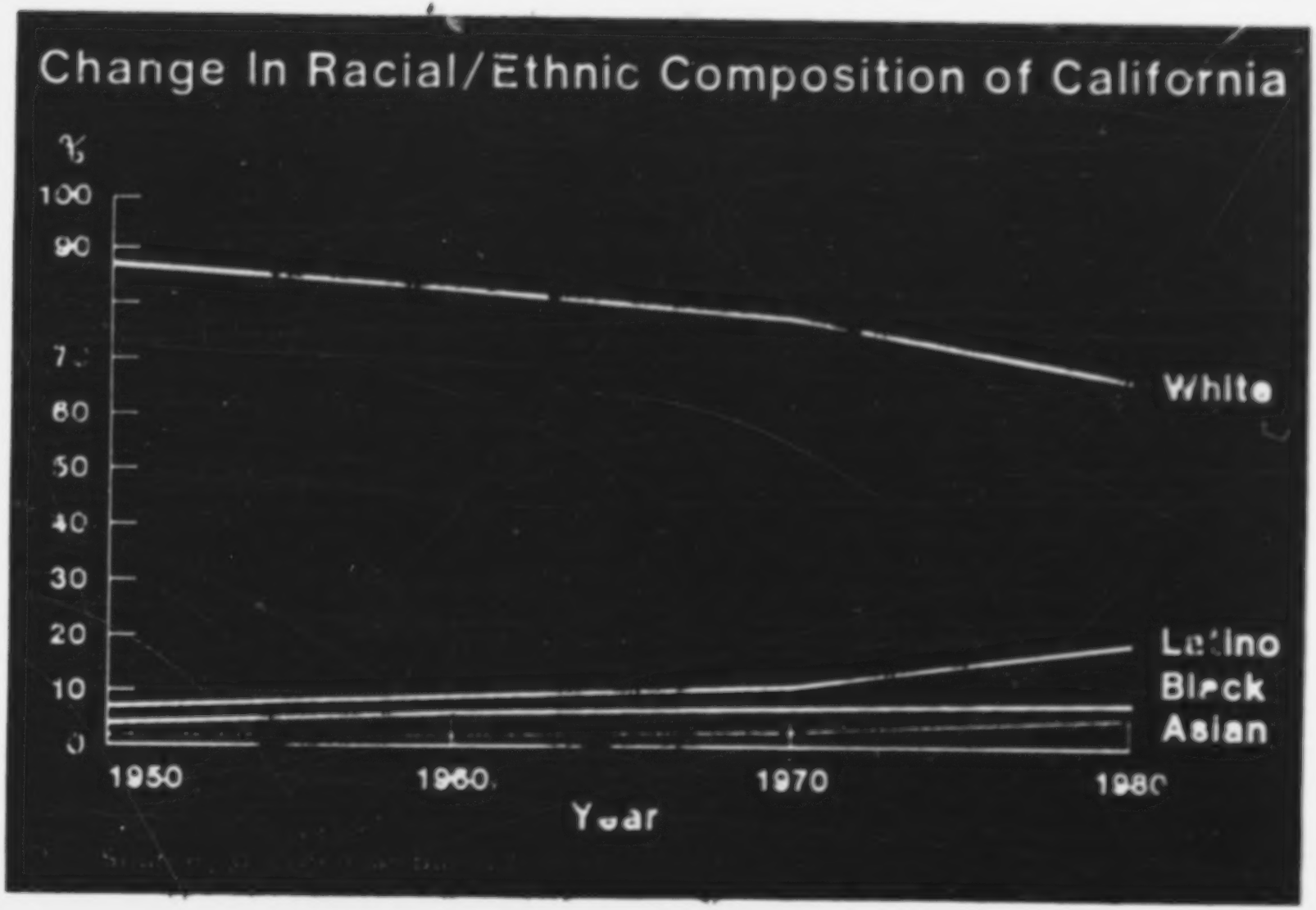

Figure 1-2

- 1-38 -

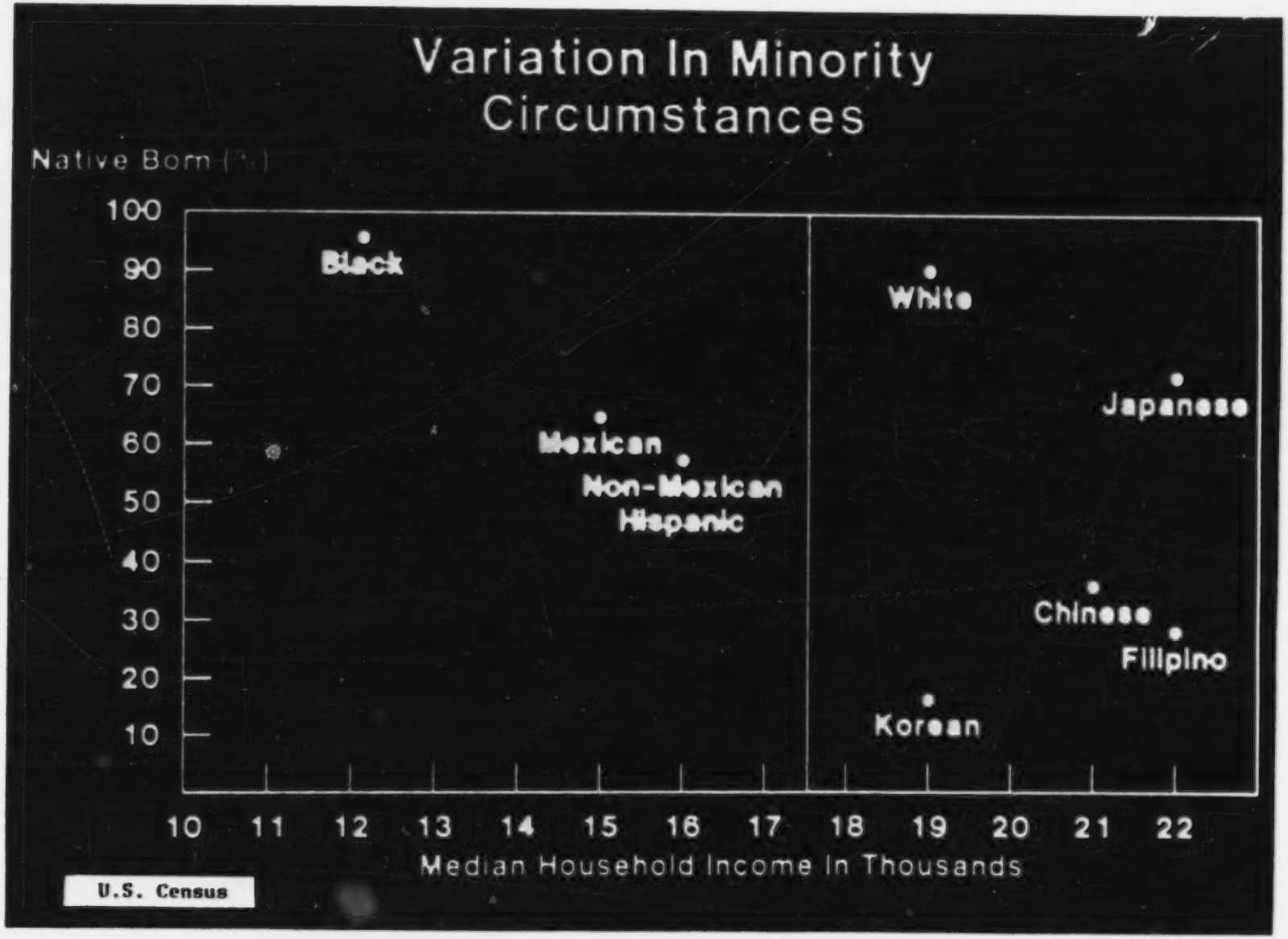
Variation In Minority Circumstances
Native Born (%)
100
90
80
70
60
50
40
30
20
10
Black
White
Japanese
Mexican
Non-Mexican Hispanic
Chinese
Filipino
Korean
10 11 12 13 14 15 16 17 18 19 20 21 22
Median Household Income In Thousands
U.S. Census

Figure I-3

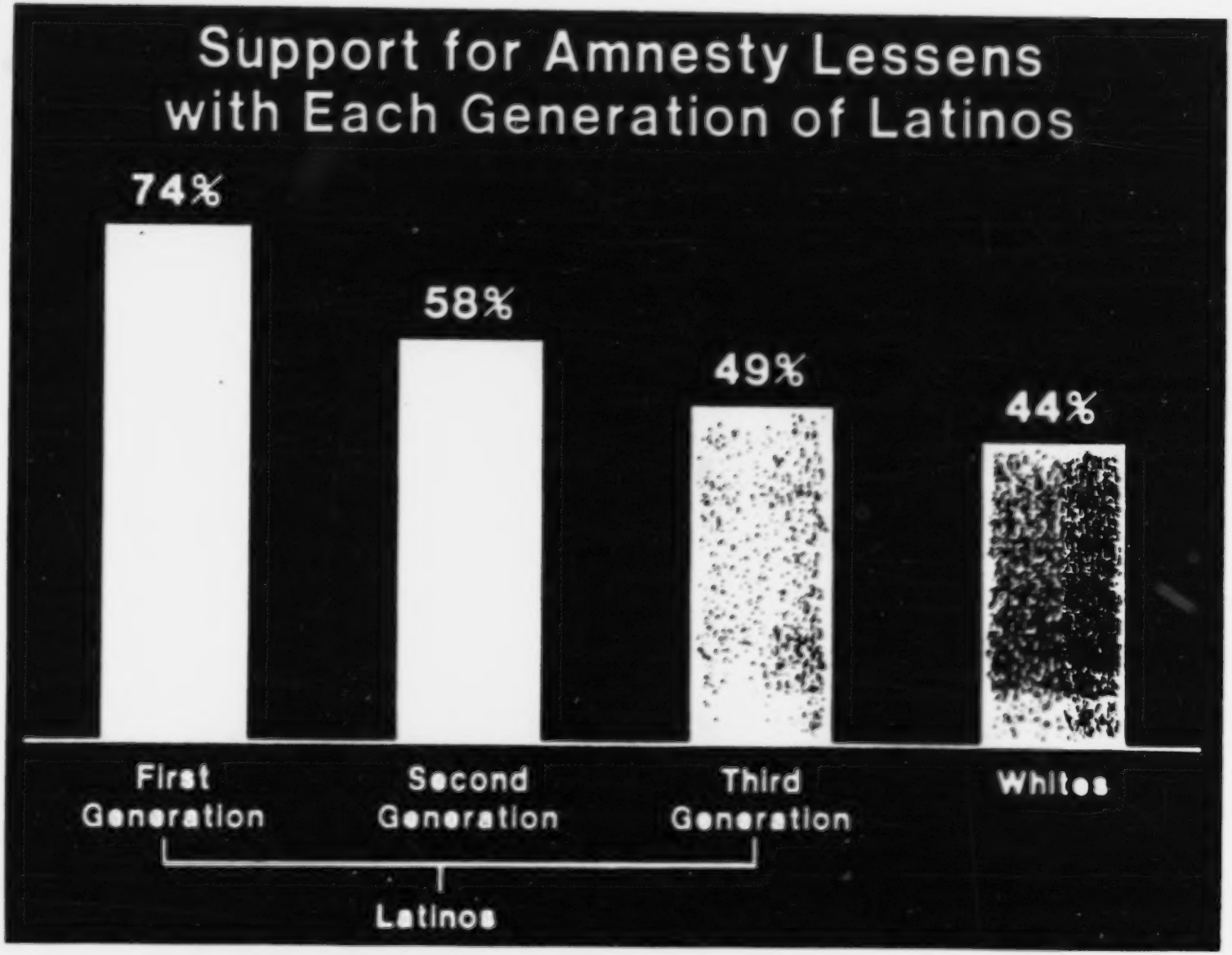
Support for Amnesty Lessens with Each Generation of Latinos
74%
58%
49%
44%
First Generation
Second Generation
Third Generation
Whites
Latinos

Figure I-4

Panel I

FOOTNOTES

1. Jesse Jackson, "The Rainbow Coalition: Young American Dream," speech to the 1984 Democratic Convention.

2. Samual L. Popkin, "The Donkey's Dilemma: White Men Don't Vote Democratic," Washington Post, November 11, 1984.

3. See Andrew M. Greeley, That Most Distressful Nation (Chicago: Quadrangle Book, 1972).

4. Verba, Sidney and Norman H. Nie, Participation in America (New York: Harper & Row, 1972) and Raymond Wolfinger and Steven J. Rosenstone, Who Votes (New Haven: Yale University Press, 1980).

Panel I

APPENDIX A

SURVEY DESIGN DISCUSSED

The major problem we faced in designing the survey was that of efficiently reaching large numbers of adult individuals from the three major racial and ethnic minorities in California--Latinos (primarily Mexican-Americans), Blacks, and Asians, who, according to the 1980 Census, constituted 19%, 8%, and 5% of the state population respectively. Because of the younger age structure of the groups, Black and Latino percentages of adults are somewhat smaller than their percentages of the total population. Given a large enough budget, say several hundred thousand dollars, we would probably have preferred a Michigan style areal sampling framework with a field staff going door-to-door to interview respondents in their own homes. Most comparisons between in-person interviews and telephone interviews indicate that the former technique entails a lower refusal rate and less bias in the resultant sample of completed interviews. To be sure, one worries how well in-person interviews would work in neighborhoods with large proportions of recent Asian or Latino arrivals, in that undocumented residents might be extremely suspicious of interviewers coming to their

doors. Telephone interviews would seem far less obtrusive, and possibly preferable for that reason.

The main reason we chose to do telephone interviews, however, was that of cost, as our budget constraints simply ruled out the extremely expensive alternative of in-person interviews. With telephone interviewing the most common sample selection technique is of course random digit dialing. RDD is not without problems. In many areas there still exists some bias resulting from the not quite complete saturation of telephone ownership. And although we have seen no reference to this problem in the literature on polling, we suspect that an increasingly important source of bias here is the growing use of telephone answering machines to screen incoming phone calls. More serious, of course, is the unavoidable selection bias resulting from the fact that participation in this or any other opinion survey is voluntary. The potential for biases resulting from the differential incidence of telephone ownership and differential refusal rates is likely to be more serious in surveys in which minority group members constitute a large portion of the target population.

Whatever the case, the virtues of sampling via random digit dialing have made it the standard choice in telephone surveys. In large part because of its sampling virtues, however, RDD is an extremely inefficient method for contacting members of minority groups, at least in California. Ideally one could draw a sample of telephone exchanges via probability weights which would yield the desired minority group proportions. In fact, if one were interested only in

oversampling Blacks, this technique would suffice. For Latinos and for Asians, however, the high level of residential segregation and resultant strong correlation between telephone exchange areas and census units (the necessary demographic data are not available for telephone exchanges) which is needed for this technique to be effective simply do not exist. This problem is bad enough for contacting Latinos. Asians, however, are an extreme case in this regard. Of the 5,050 census tracts in California in the 1980 Census, only 33 (0.6%) were 40% or more Asian. Even if telephone exchanges could be weighted in a skewed enough fashion to increase significantly the probability of contacting Asian respondents (something we are not altogether sure of) the resultant sample of Asians interviewed would be problematic. Most Blacks live in neighborhoods which are predominately Black. The vast majority of Asians, however, do not live in predominately Asian neighborhoods, and so a sample based primarily on those who do would likely be quite unrepresentative.

Given these problems, we decided that the least problematic way of generating the Latino and Asian subsamples would be on the basis of surnames. Oversampling of Blacks, on the other hand, could be done on the basis of residence. We therefore began by randomly selecting a list of 300 census tracts in California. DialAmerica Corporation of Cleveland, Ohio provided us with the names, current phone numbers, and addresses of 80-100 individuals per tract for approximately 90% of the tracts, thus yielding a list of 24,523 names. We ran these through Hispanic and Asian surname dictionaries, yielding subsample Ns of 3306

and 1,170, respectively. We then drew a 20% sample of the remaining 20,047 names, weighting the census tracts corresponding to each name so as to generate another subsample which would contain roughly equal proportions of Whites and Blacks.

As indicated earlier, one of our chief interests was to compare the experiences and attitudes of Asians who had recently immigrated to this country with those of recently arrived Latinos. In order to increase our sample of recent Asian immigrants, we drew a supplemental sample of Korean surnames from the 1984 Korean Telephone Directory of Southern California. The creators of this directory believe that it contains the telephone numbers and addresses of over 75% of all Koreans in Southern California. We ultimately conducted interviews with 80 Korean-Americans via this supplemental sample.

According to Leuthold and Scheele (1971), samples which are derived from telephone directories will, relative to RDD, undersample Blacks, individuals who are separated or divorced, and city dwellers. Although the percentage of individuals in our base sample of 25,523 who were Asian--4.8%--was almost identical to the 1980 Census figures, the number of Latino names drawn was definitely less than that in the background population--13.5%, compared to 19% in the 1980 sample. The fact that we ultimately interviewed about 25% more Whites than Blacks also suggests that there were fewer Blacks in the base sample than there should have been.

In and of itself, of course, the only problem this might entail is that our subsample Ns were not as large as we might have desired. What

is a real potential problem is that the individuals we interviewed, regardless of whether they were White, Black, Asian, or Latino, all had listed telephone numbers and addresses. This could obviously make them somewhat unrepresentative sets of people.

As we have intimated, however, we were more worried about refusal rates than many other potential sources of bias. Given the large number of minority group members in our target population, we expected relatively high refusal rates. This in fact turned out to be the case--only 44% of the individuals we contacted who were eligible to be interviewed agreed to do so. Although we cannot be sure about the characteristics of the people who refused to be interviewed, it appears that refusal rates were particularly high among Asians and those who were likely to be Black. As far as we could tell, however, refusal rates were no higher among Latinos than among Whites. All said and done, then, we completed interviews with 409 Whites, 335 Blacks, 593 Latinos, and 305 Asians.

Given the potential problems we faced, we were understandably interested in how well the characteristics of the people we interviewed matched up with data from the 1980 Census. The figures reported in Table 1 indicate that in some respects the individuals in our four subsamples were quite representative, while in other respects they were somewhat unrepresentative. In all four subsamples the reported figures for family income and country of birth were quite consistent with figures derived from the 1980 Census. There are , however, some discrepancies. The percentages of Blacks and Latinos in our sample who

reported being homeowners were higher than the Census figures. And for reasons that are not altogether clear to us we also tended to oversample Asian men and Black women. Reported education, though, was the source of the largest discrepancies. Individuals in all four subsamples were considerable more likely to report having attended college than the 1980 Census figures indicate should be the case. However, we are inclined to blame very little of the education bias we observed on our use of a telephone directory sample versus RDD. Warren Miller indicates that the sample of individuals interviewed in the 1984 Michigan Rolling Cross-section (which was a telephone survey) had a considerably higher average education than those interviewed in person in the traditional post-election survey.

Because participation in opinion surveys is voluntary (at least in liberal democratic societies) we believe that regardless of the sampling framework employed there is an irreducible element of self-selection bias generated by the differential propensity of different types of people to submit to the interview. In political polls this self-selection bias is quite naturally related to the extent to which the potential respondent is intellectually involved with things political--people are more likely to talk to strangers about subjects they care about and know something about than about subjects they don't know about or care about. This bias will yield us samples which are, compared to the population at large, more educated, more literate, more interested, and more knowledgeable about ongoing political issues. Any

incidental bias deriving from telephone directory versus RDD sampling was at least for us, apparently minimal.

It is important, therefore, to think carefully about whether or not the self-selection bias present in any survey is really a serious problem or not. The most important rule of thumb, of course, is that so long as the bias is not related to the dependent variable of interest we can probably live with it. If, for example, we wanted to estimate the effects of religion, income, age, etc., on levels of political interest and information, we would likely be in serious trouble. If, on the other hand, we were interested in the effects of these same variables on attitudes toward abortion or bilingualism, our parameter estimates would be far less likely to be compromised.

It occurs to us, however, that there is another way of thinking about the inferences we can make from sample surveys which we know contain disproportionately high numbers of people who are politically attentive and informed. Consider two people who are alike in every way except one is politically attentive and informed, the other is not, and for that reason we are considerably more likely to complete an interview with the first. If for some reason the second person did become interested in politics, concerned about public affairs, and so on, would his beliefs, preferences, perceptions, and opinions likely differ systematically from those of the first person? In most cases we think not.

Table A-1

COMPARISON OF SAMPLE AND CENSUS CHARACTERISTICS

	White	Black	Latino	Asian
Percent Male				
Sample 1984	49%	38%	49%	60%
Census 1980	49	49	51	48
Percent Owner Occupiers				
Sample 1984	66	64	52	64
Census 1980	62	45	44	62
Family Income < 10K				
Sample 1984	12	25	21	9
Census 1980	16	34	27	14
Family Income 10-25K				
Sample 1984	44	41	47	35
Census 1980	40	40	48	37
Family Income > 25K				
Sample 1984	44	33	32	56
Census 1980	44	26	25	49
Percent Native Born				
Sample 1984	94	98	60	38
Census 1980	90	98	63	42
Percent Some College or Greater				
Sample 1984	60	53	34	77
Census 1980	44	36	20	54

Table A-2

TEST OF ETHNIC/RACIAL DIFFERENCE ON ISSUES

	Favor Death Penalty		Favor Ban On Handguns		Favor Ban On Fed. Abor.Fds.		Favor Increased Welfare $		Favor School Prayer		Favor Eq.Rights Amend.		Favor Increased Arms Exp.	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Black	-1.01* (.15)	-0.98* (.15)	-0.18 (.15)	-0.22 (.15)	0.06 (.15)	0.10 (.15)	1.09* (.17)	1.05* (.17)	0.52* (.15)	0.51* (.14)	0.62* (.16)	0.60 (.16)	-0.72* (.18)	-0.74* (.18)
Asian-American	-0.11 (.16)	---	0.31* (.15)	---	-0.22 (.16)	---	0.07 (.15)	---	-0.20 (.15)	---	-0.02 (.16)	---	0.21 (.16)	---
Latino	-.061* (.13)	---	0.01 (.13)	---	-0.11 (.14)	---	0.52* (.13)	---	0.18 (.13)	---	0.37* (.14)	---	-0.13 (.14)	---
Mexican	---	-0.55* (.13)	---	0.05 (.13)	---	-0.04 (.14)	---	0.48* (.13)	---	0.19 (.13)	---	0.33* (.14)	---	-0.18 (.14)
Non-Mexican	---	-0.67* (.26)	---	0.12 (.26)	---	-0.35 (.30)	---	0.55* (.29)	---	0.12 (.26)	---	0.49* (.30)	---	0.08 (.28)
Filipino	---	-0.01 (.31)	---	-0.14 (.30)	---	0.02 (.32)	---	-0.10 (.30)	---	0.39 (.30)	---	0.13 (.32)	---	0.43 (.30)
Japanese	---	0.55* (.32)	---	-0.03 (.26)	---	-0.63* (.32)	---	0.08 (.27)	---	-0.68* (.28)	---	-0.19 (.27)	---	-0.06 (.29)
Korean	---	-0.60* (.23)	---	0.56* (.23)	---	0.19 (.24)	---	0.04 (.23)	---	-0.19 (.23)	---	-0.38 (.23)	---	0.16 (.24)
Chinese	---	0.44 (.31)	---	0.46 (.27)	---	-0.35 (.30)	---	-0.12 (.27)	---	-0.39 (.27)	---	-0.26 (.29)	---	0.24 (.28)
Constant	0.79* (.10)	0.76 (.10)	-0.30* (.10)	-0.26* (.09)	-0.77* (.10)	-0.77* (.09)	0.31* (.09)	0.35* (.09)	-0.15 (.09)	-0.15 (.09)	0.60* (.10)	0.63 (.10)	-0.86 (.10)	-0.84 (.10)
Log Likelihood	-1087	-1080	-1123	-1121	-1017	-1014	-1019	-1018	-1129	-1124	-996	-994	-946	-945

n = 1,646

Table A-2

TEST OF ETHNIC/RACIAL DIFFERENCES ON ISSUES

	Favor Employer Sanctions		Favor Amnesty Undocumenteds		Favor Bilingual Ballots		Favor Bilingual Education		Favor Tax Credit Proc/Pvt.Sch.	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
Black	-0.35* (.15)	-0.27* (.14)	-0.08 (.15)	-0.09 (.15)	0.74* (.15)	0.66* (.15)	0.67* (.15)	0.62* (.14)	-0.10 (.14)	-0.12 (.14)
Asian-American	-0.45* (.15)	---	-0.07 (.15)	---	0.47* (.16)	---	0.15 (.15)	---	-0.21 (.15)	---
Latino	-0.78* (.13)	---	0.70* (.13)	---	1.16* (.13)	---	0.95* (.13)	---	-0.16 (.13)	---
Mexican	---	-0.70* (.13)	---	0.68* (.13)	---	1.07* (.13)	---	0.91* (.13)	---	-0.16 (.13)
Non-Mexican	---	-0.77* (.27)	---	0.82* (.26)	---	1.09* (.26)	---	0.88* (.27)	---	-0.37 (.27)
Filipino	---	-0.20 (.30)	---	-0.20 (.31)	---	0.34 (.31)	---	0.02 (.29)	---	0.00 (.30)
Japanese	---	0.09 (.26)	---	-0.05 (.27)	---	0.21 (.28)	---	-0.11 (.27)	---	-0.67* (.29)
Korean	---	-0.64* (.24)	---	-0.05 (.23)	---	0.45* (.24)	---	0.37 (.23)	---	-0.41* (.24)
Chinese	---	-0.30 (.26)	---	-0.16 (.27)	---	0.30 (.27)	---	-0.21 (.27)	---	0.00 (.26)
Constant	0.28*	0.20*	-0.38*	-0.38*	-0.91*	-0.83*	-0.30*	-0.25*	-0.34*	-0.32*
Log Likelihood	-1118	-1118	-1109	-1108	-1140	-1089	-1100	-1099	-1098	-1095

Table A-3

DISTRIBUTION OF MINORITY CANDIDATES

	Cong/ State Legis.	County Supry.	County Office	Mayor/ Vice Mayor	City Counc.	Other City Office	School/ College Board	Court
Black	13	6	2	13	50	18	148	90
Latino	17	18	12	14	52	11	N/A	71
Asian-American	5	5	3	21	21	13	29	33

Note: Black Lists '75, '79, '83
Latino Lists '73, '80
Asian-American Lists '78, '79, '80, '82

Panel II

GOVERNMENT EFFORTS TO ASSIST CALIFORNIA'S MINORITY BUSINESSES

The process of assimilation has several different dimensions. Linguistic assimilation refers to the acquisition and use of the native language. Cultural assimilation usually means the abandonment of former lifestyles and values for those of the dominant culture. Economic assimilation can be defined as the rate at which immigrants are integrated into the economy as a whole. This part of the report focuses on the third sense of assimilation.

One manifestation of economic assimilation for disadvantaged immigrant/minority groups is social mobility—i.e., the success that subsequent generations have in climbing up the socio-economic ladder. The rate of immigrant/minority social mobility can be politically as well as economically important, because individual attitudes and partisan affiliations tend to vary statistically with occupation and income. For instance, it appears that the political orientations of earlier immigrant groups have become more conservative in recent years as they have become more affluent and middle class.

However, another less frequently discussed but equally important dimension of economic assimilation is the ability of immigrant and

minority entrepreneurs to enter the market and establish successful businesses of their own. A thriving minority/immigrant business sector can have several important economic benefits. It will almost certainly contribute to the upward economic mobility of individual minority/immigrant entrepreneurs. But, the benefits are not necessarily restricted to minority/immigrant capitalists. If these entrepreneurs establish their businesses in minority/immigrant neighborhoods, then it can also bring new jobs and much needed income to disadvantaged communities.

Beyond the specific benefits that would accrue to particular minority/immigrant individuals and communities, there are quite possibly benefits to the country at large as well. Some economists believe that innovation is more likely to emanate from small businesses that are willing to engage in risky ventures.(1) If they are right, then policies that encourage the efforts of minority/immigrant entrepreneurs could lead to more innovation and spur general economic growth.

The focus of this part of the report, therefore, is on the status of minority businesses in this state, and the effect that government programs have had on them. Among the questions we will consider are the following:

--how similar are the circumstances and problems facing the Black, Asian-American and Latino business communities in this state?

--what are the basic government strategies and programs for encouraging business opportunities among immigrants/minorities?

--what are some of the problems that have arisen with these approaches?

THE SITUATION OF IMMIGRANT/MINORITY BUSINESSES GENERALLY

Various studies by the federal government have produced a general picture of minority businesses that can serve as the baseline for comparisons with specific groups in California. The features of this broad stereotype are:

--minority businesses are typically organized as small sole proprietorships. According to the 1977 Census Survey of Minority-Owned Business Enterprises, 75% of minority owned businesses were so classified.(2)

--minority businesses are usually very small. In 1982, 91% of the minority sole proprietorships had business receipts of less $100,000 and 54% had less than $10,000.(3)

--minority businesses tend to be concentrated in the areas of retail trade and services. These are sometimes called the "traditional" areas of minority business participation. A 1984 survey by the Small Business Administration found that 35% of the minority businesses were in services and 34% were in retail.(4)

--minority businesses tend to be highly leveraged, relying heavily upon long term debt, as compared to non-minority firms. Being more highly leveraged, minority firms are more vulnerable to sustained periods of low profit (e.g., recessions). To take an example, in the period 1972 to 1977, census data shows that there were 23,410 new Latino/Black construction businesses formed. However, during the same period, 18,567 went out of business, leaving only a net gain of 4,843 businesses.(5)

--self-employed minorities (most of whom are small business owners) have lower average incomes than their non-minority counterparts according to the 1980 census ($9,398 for non-minorities versus $7,208 for minorities).(6)

--the number of self-employed non-Whites increased in absolute terms between 1972 and 1983 (from 16 to 24 million), but the percentage of self-employed non-Whites among non-White individuals over the age of 16 stayed pretty much constant (fluctuating 5% up and down during this period).(7)

Starting up a new small business is a difficult task for anyone, let alone the disadvantaged minority entrepreneur. Even assuming that a would-be entrepreneur can find the capital necessary to start his/her business, small businesses find themselves at a disadvantage as compared to larger businesses in various ways. For example, a recent survey of small businesses revealed that the cost of liability insurance was a critical problem for 18% of the firms they sampled, and

the cost of casualty and property insurance was mentioned by another 14%. Small firms generally have a hard time getting lower insurance rates. As an official from the National Federation of Independent Business explained, many small businesses do not have enough employees to qualify for group insurance while the larger competitor can "go out and not only purchase group insurance, but because of the size of the group, tend to get it at much reduced rates."(8) The same is often true of utility rates.

But in addition to the standard problems that face all would-be entrepreneurs, the minority entrepreneur faces additional ones because of his/her background. Fewer individuals in the minority communities have the management skills and experience (what economists call human capital) necessary to succeed in business, and a lack of basic management skills has been identified by several studies as a major cause of small business failure.(9) In addition, minority entrepreneurs, particularly those who start up businesses in disadvantaged neighborhoods, find that their market is more limited in its purchasing power than that of the average White entrepreneur.(10) Limited business capital is another major problem. Most businesses are started with the assistance of friends and family, but since most minority communities have lower family incomes, it is harder for them to find the capital necessary to start a new business, to make it through the initial, usually unprofitable years and to help them ride out subsequent periods of low profit due to recession.(11) Finally, there is the problem of discrimination. Many have argued that

minorities are discriminated against by banks who unjustly deny them loans, by non-minority business owners who refuse to contract with them and by prejudiced customers who make their purchasing decisions on racial/ethnic grounds.(12)

This then forms the general picture of minority businesses: mostly sole proprietorships scratching a marginal existence in the retail and service areas from a highly vulnerable financial position. Consider now some facts about the three major minority/immigrant groupings--i.e., Asian-American, Black and Latino.

THE SITUATION OF ASIAN BUSINESS OWNERS

In several respects, the Asian-American business community fits the general profile of minority businesses. Consider these similarities.

--According to the 1977 Census data and to more recent surveys by the MBDA, Asian-American owned businesses are concentrated in the retail and services areas. Asian-Americans are more evenly split between retail and service while, as we shall observe later, Latinos are more concentrated in retail and Blacks in services.

--as is the common pattern for minority businesses, Asian-American businesses are overwhelmingly sole proprietorships, operating without paid employees, and earning small average gross receipts.

These generalizations apply to California's Asian-American businesses

as well as nationally. According to the 1977 census report, 37% of the total number of Asian-American business firms are located in California. Seventy-six percent of these California businesses operate without paid employees and 68% were in the retail and service sectors of the state's economy.

[Insert Table II-1 Here]

As compared to other minority businesses, Asian-American ones tend to be more concentrated in eating/drinking establishments (8%), food stores (6%) and health services (11.8%). This pattern more closely resembles that of the Latinos than the Blacks. There are also significant differences among the various Asian-American groups. According to the 1977 census survey of minority businesses, some of these intra-Asian differences are as follows:

--the Chinese are disproportionately found in the retail, wholesale and finance areas and absent from transportation and construction.

--Japanese businesses are less concentrated in the traditional areas of retail and service and more concentrated in the non-traditional areas of construction and finance than are other Asian-American business owners.

--Filipino firms are concentrated in transportation, finance and services.

--Korean enterprises are over-represented in retail and under-represented in finance compared to other Asian-American businesses.

[Insert Table II-2 Here]

Asian-American business owners enjoy some clear advantages over Black and business owners. As we have seen, the median family and household incomes of all Asian-American groups are higher than they are for Latinos and Blacks. This is an advantage in several senses. It provides a larger capital base to draw upon in order to start up a business or to keep one going in recessionary times. It also means that the purchasing power of the Asian-American consumers is higher than of their Black and Latino counterparts. If, as some maintain, markets for minority businesses are segregated, then Asian-American business owners are at least segregated into a more upscale market.

[Insert Table II-3 Here]

Related to the first advantage is a second one--i.e., Asian-American businesses have a strong family structure to draw upon. In this sense also, they are more like the Latinos than the Blacks. With the exception of the largely native-born Japanese community, Asian-American families have larger than average families. According to the 1980 census, the average number of persons per family for Whites in California is 3.11 and for Japanese is 3.14. By comparison, the average for Chinese is 3.62, for Filipinos is 4.02 and for Koreans is

3.80. Asian-American families also tend to remain intact. Whereas 36.5% of the Black families in California are headed by a female householder with no husband present, the corresponding figures for Asian-Americans are: Japanese 11%, Chinese 9%, Filipino 12% and Korean 9%. The economic significance of larger, stable families is that it provides additional labor as well as capital for their enterprises. Almost 12% of White households have three or more workers, but this describes 18.8% of the Japanese, 19.8% of the Chinese, 14.3% of the Korean and a startling 23.9% of the Filipino households.

A third advantage that Asian-Americans have over the other minority groups is an on average higher level of education. For instance, if we consider males in California over the age of 25, we find that 75% overall are high school graduates. All the Asian-American groups are at or above that figure (Japanese 88%, Chinese 77%, Filipino 75% and Korean 90%). Twenty-four percent of male Californians age 25 and over claim to have 4 or more years of college. Again, all the Asian-American communities are above that figure (Japanese 37% Chinese 42% Filipino 30% Korean 50%). If, as we shall maintain later, the level of education significantly affects the prospects of entrepreneurial success, then Asian-Americans have a significant advantage over less well educated groups such as the Latinos or Blacks. However, it is only fair to point out that Asian-American business owners have special problems. For instance,

--while it is true that Asian-Americans enjoy a higher family income, their per capita income is much lower, and in the case of the

Koreans and the Filipinos, closer to the Blacks and Latinos than the Whites. A control for the number of workers in the family lessens the apparent income advantage that Asian-Americans enjoy over the rest of the population.

--many of the Asian-American businesses in the retail area rely on unpaid family members and long hours of work to keep them in business. The census data in 1977 showed that two-thirds grossed less than $25,000 per annum.

--many of these businesses, because of language problems, depend upon members of their own ethnic community to be their customers and employees. Language can be a barrier to business expansion for them.(13)

--Asian-American business owners have been slow to take advantage of government programs that might aid them such as SBA loans and procurement opportunities.(14)

In short, while Asian-Americans enjoy various advantages, their businesses have been concentrated in traditional minority areas, their per capita wealth has lagged behind family income and their reluctance to take advantage of government programs has denied them opportunities they would have used. These problems have slowed the process of economic assimilation for the Asian-American entrepreneur.

THE SITUATION OF LATINO BUSINESS OWNERS

The Latino business community displays some similarities with the Black business community and others with the Asian-American. Like Black business owners, Latinos must draw upon a lower level of business and human capital. Latino per capita income (Mexican $4,449 Puerto Rican $5,766 Cuban $7,275) is less than the state average ($8,295). In fact, in the case of Mexican-Americans, it is even less than that of the Blacks ($5,710) due in no small degree to the lower incomes and economically marginal existence of the Mexican-American undocumenteds (Cornelius). The family income of Latinos is somewhat greater than that of the Blacks ($16,081 to $14,887), but this is caused by the presence of more workers in Latino than Black homes: fifty-six percent of Latino families had two or more workers as opposed to 46% of the Black families.

California's Latino population is also educationally disadvantaged. Overall, only 45% of Hispanic individuals in this state are high school graduates according to the 1980 census figures (Mexicans 39% Puerto Ricans 58% Cubans 64%), and only 8% have four or more years of college (6% Mexicans 11% Puerto Ricans 20% Cubans). While, economically and educationally, the Latino community resembles the Black one, there is one crucial demographic difference--namely, Latino family structure is much stronger than Black family structure. Only 17% of the Latino families consist of a female householder with no husband present (less than half the percentage for Blacks). Latino families are also comparatively large. Indeed, Mexican families were

the largest (4.13 persons per family) of all the major racial/ethnic groups in California. Thus, like Asian-Americans, Latinos can draw upon family members for assistance and labor to help establish a small business.

The pattern of Latino businesses is a typical minority one. Consider the following statistics from the 1977 Census Survey of minority businesses:

—most of the Latino businesses in California are in retail(26%) or services (39%).

—only 19% of Latino businesses have paid employees.

--Latino businesses have high failure rates. For instance, 66% of Latino-owned businesses in Los Angeles in 1972 had closed by 1977.

At the same time, there are some important differences that characterize the pattern of Latino businesses. For instance, Latino businesses were more likely than Asian-American businesses to be in the areas of construction, transportation (i.e., trucking), and personal services. Overall, the distributions of business types in the Black and hispanic communities are more similar to one another than to the Asian-American pattern.

In general, then, we would characterize the situation facing Latino business owners as resembling the Blacks in certain respects and the Asian-Americans in another. The California Latino community like

the Black community is economically and educationally disadvantaged whereas the Asian-American community is not. On the other hand, the stronger family structure in the Latino community and the language difficulties more closely resemble the situation facing the Asian-Americans than the Blacks.

THE SITUATION OF BLACK BUSINESS OWNERS

We have already made several references to the economic and educational disadvantages facing Black business owners in California so these points need not be elaborated any further. Reviewing the pattern of Black businesses in this state we can make some observations:

--according to national figures, Blacks are more heavily concentrated in services than Latinos or Asian-Americans.

--Black businesses are even more likely than Asian-American and Latino businesses to have no paid employees.

--Black businesses in California are even more concentrated in services and finance and less likely to be found in construction than national figures would lead one to expect.

However, the most crucial difference between Black and other minority business owners is the greater degree to which Black business owners believe that discrimination and prejudice is a hindrance to them. As was pointed out earlier, some studies suggest that discrimination is a primary cause of low business growth rates, low

formation rates and high business failures. Black business owners, when interviewed, frequently indicate their concerns about discrimination. Some consider hiding their racial heritage to avoid alienating White customers while others worry that White customers will assume that the quality of Black-owned business products are inferior. One Black business owner was quoted as saying, "I've honestly thought about not putting 'President' on my business cards. Sure, I'm proud of being President, but I'm more interested in sales, in my livelihood, than being proud."(15)

The segregation of markets, a problem for all minorities, is particularly acute for Black business owners. Black insurance companies and banks find that catering to low income, financially disadvantaged Black customers creates enormous difficulties. Black insurance companies, for instance, find it hard to collect premiums from many of their customers in difficult economic periods. Explains one Black insurance salesman, "When it comes to choosing between insurance and the other necessities of life, people choose the necessities."(16)

Thus, Black businesses suffer many of the typical problems facing minority businesses, but which are exacerbated by greater prejudice against Blacks than Latinos or Asian-Americans. Certainly, this corresponds with evidence from our survey that indicates that Blacks perceive more prejudice in job related situations than do other racial/ethnic minorities. Prejudice of this nature deprives Black business owners of access to non-Black markets and limits access to

capital. In addition, given the problem of a weaker family structure in Black families, Black business owners have less access to family sources of capital and cheap labor as compared to Asian-American or Latino business owners.

THE STRATEGIES OF GOVERNMENT EFFORTS TO ASSIST MINORITY BUSINESSES

The goal of economic assimilation for minorities/immigrants is widely thought to be important. A number of government programs have been introduced since the sixties that attempt to assist this assimilation process. Enacted at different points in time and at different levels of government, the cumulative effect of these efforts is a bewildering array of public programs, each addressing only a part of the problem. This understandably causes confusion among potential users. A frequent complaint at Congressional hearings on minority business opportunities is that it is very difficult to be accurately informed about all the programs and public assistance that are available to small and minority business owners.

Rather than try to deal with these programs individually in this limited space, we will discuss three major strategies the government has taken and some of the problems associated with each.

1. Loan Programs For Minority Businessmen

In an effort to provide easier access to capital, the federal government offers various kinds of loans to minority business owners (as it does to small business owners in general). These loans come in

three basic forms. Direct loans are given by government agencies to eligible applicants who cannot obtain funds from other sources. Guaranteed loans are those in which the SBA guarantees a loan offered by a private commercial lending institution. Immediate participation loans are those in which both the SBA and a private lending institution provide a portion of the funds. In the period between 1969 and 1979, the SBA approved 65,000 loans totaling about $3 billion dollars.(17)

Evidence on the economic impact that these loans have had is mixed. As we will discuss at greater length later, whether one views the SBA loan program as a success or failure depends upon the criteria one uses to base the judgment upon. A common justification for SBA loan assistance to minority businesses is that small businesses will generate much needed employment and that the loans help the struggling minority businesses get on their feet. At least one econometric study using the MBDA's data set indeed found that SBA assistance did contribute to the aggregate growth of minority business firms.(18) However, there is overwhelming evidence that the failure and default rate of the most disadvantaged minority businesses were quite high. One study, for instance, found that 42% of assisted minority businesses experienced loan default or business failure.(19) The failure rate was especially high in the Equal Opportunity Loan program, a program that is explicitly targeted towards "low income individuals or those located in urban or rural areas with high proportions of low-income or unemployed individuals." Assuming these data are correct, loans to small disadvantaged minority businesses apparently do not generate a

large number of thriving, prosperous enterprises. They may, of course, allow some small minority firms to stay in business longer than they would otherwise, but in terms of generating jobs in the community, they are evidently less successful.

A second problem with the loan program is that it has done little to encourage minority businesses in the non-traditional areas of manufacturing, construction or wholesale. Over 80% of the loans go to the traditional minority business areas such as retail and service.(20) Thus the government loans have done little to redirect minority business efforts into new areas.

Finally, even the loans cannot help the most disadvantaged individuals begin a business or sustain an ongoing operation. For instance, sitting in on an orientation session of a local MBDA office, we were struck by the number of Black and Latino individuals in the room who could not even come up with the collateral for an SBA loan.

2. Government Efforts to Assist Minority Venture Capitalists

A major problem for minority entrepreneurs, as discussed earlier, is raising sufficient capital to start up businesses in the so-called non-traditional areas such as construction and manufacturing. The reason that minorities tend to end up in retail and service is that these businesses have much lower capital requirements. If the pattern is to be changed, one approach is to encourage investment in these areas by providing additional sources of investment capital for non-traditional businesses.

Minority Enterprise Small Business Investment Corporations (MESBICs) grew out of the government's experience with Small Business Investment Corporations (SBICs). Shortly after the Small Business Administration was founded in 1953, Congress passed the Small Business Investment Act creating SBICs. The idea behind this legislation was that the SBICs would provide the private capital and the SBA would provide matching funds under a formula that took into account the amount of private capital invested and the type of investment per se. In the late sixties, a special class of SBICs was authorized to invest in minority businesses, and these were called MESBICs. The Minority Business Development Agency helps to organize the MESBICs and the Small Business Administration takes the responsibility of licensing them.

The Congressional Committee on Small Business reports that in the 23 years since the SBIA was passed, SBICs have provided financial assistance to approximately 61,000 small businesses for a total of $4.2 billion dollars in the form of long term subordinated loans or equity. Since their creation, MESBICs have invested in approximately $250 million dollars in 5,000 minority businesses. Proponents of SBICs and MESBICs point out that the SBA has incurred relatively small losses of $31.2 million (i.e., less than 2% of the amount the SBA provided to these corporations) as compared to other programs of small business assistance.(21)

In addition, the Small Business Committee hearings contain a good deal of testimony from SBIC and MESBIC Presidents about the jobs

and added revenue their investments have created. Consider a few examples:

--The Urban Fund of Illinois. Founded in 1971 and owned by three banks, it is a MESBIC that as of 1982 had made 37 financings totaling $3.5 million dollars. Many of their investments have been in fast food franchises, including Burger King, McDonald's and Chicken George. Others were in manufacturing and cable TV.

--Equitable Capital Corporation. Equitable became a license MESBIC in August 1979. It claims to have $505,000 dollars in private capital and have leveraged $1 million dollars from the SBA. In their portfolio are import-export firms (dealing with China and the far east), computer services, accounting firms, expresso coffee shops, frozen pizza companies, aviation repair/fuel service company and real estate investment and development company.

While the program has had many clear successes, it has become controversial in recent years for several reasons. First, some critics have argued that MESBICs tend to favor debt as opposed to equity financing, and that this exacerbates the precarious financial position of minority business owners. The facts certainly support the contention that MESBIC financing is primarily debt as opposed equity. In 1983, for instance, 81% of the MESBIC financings were straight debt, 13% were some combination of debt with equity and only 6% were equity.(22) Those who are concerned about the fact that minority

businesses are overly dependent on debt have urged that MESBICs undertake more equity financings.

Another question that has been raised about MESBICs is whether they have done all that they could to encourage minority enterprise in non-traditional areas. On the face of it, a large number of MESBIC financings seem to be directed towards traditional areas. Taking 1983 as an example once again, 49% of the financings and 44% of disbursements went to retail and service businesses (see Table II-4). Even so, the pattern of MESBIC financings does represent some shift away from the current distribution of minority businesses: for instance, whereas the 1977 census data showed only 2.2% of minority firms in manufacturing and 6.5% in transportation/communications/public utilities, MESBICS invested 13.7% of their financings in the former and 21.5% in the latter. Also, the vast majority of MESBIC investments (65%) are to corporations that have been in business less than 3 years as opposed to proprietorships and partnerships (the more common forms of minority business). Finally, it is important to recognize that even the retail businesses MESBICs are investing in are different from the mom and pop grocery stores. Fast food franchises are labor intensive operations that provide many jobs for teenagers in disadvantaged areas.

[Insert Table II-4 Here]

The most publicized problem with the MESBIC (and also the SBIC) program has been its alleged vulnerability to abuse. An investigation by the Office of Inspector General, United States Small

Business Administration 1980 found a number of violations by SBICs and MESBICs such as realizing more than maximum returns on invested funds through concealed costs and complicated put and call agreements, controlling small businesses by holding majority stock or majority control of the board of directors, using funds in prohibited ways (e.g., real estate speculation), conflict of interest investments, investing in small businesses and the like.(23) Representatives of the SBICs/MESBICs argued in turn that there were few documented major violations, and that many of the violations were small and technical in nature.

At the base of this conflict, however, are two broader issues that are worth mentioning. One question is whether the practices of private venture capitalists are compatible with the expectations that people have about the proper use of public money. Because it is public money, the press, the legislature and segments of the public have different standards about how public money should be invested and managed than they would have about private money. Attitudes about investing in a lucrative pornography business, to take an extreme example, or even Cable TV, to take a less extreme one, will vary for many people depending upon whether the invested funds are private or public. Inevitably, certain value constraints are part of the baggage that comes with using public money.

Another problem concerns attitudes towards risk. Investing in new businesses is risky, and it is precisely because they are risky investments that minority and non-minority new businesses cannot always

find the funds they need to start-up their activities or make it through the first, generally unprofitable years. However, the SBA, like all agencies, has to worry about the reaction in Congress and in the press to scandals and mistakes. The risks the SBA might want to take in the marketplace have to be balanced against the risks they take with Congressional disapproval. For instance, if wealthy minority individuals leverage their businesses with public SBA funds, if defaults on loans are extremely high, or if the SBICs/MESBICs invest in socially disapproved ways, the political risks to the SBA increase, and their willingness to allow business risk taking diminishes. Throughout the eighties, SBIC and MESBIC owners have complained about the increasing number of restrictions the SBA was placing upon their operations without clearly appreciating the way that public expectations frame Congressional actions and in turn agency behavior.

Finally, there is the problem of public and congressional expectations per se. Programs such as the SBIA were passed on the basis of multiple promises and complex coalitions of interests. These interests are not always compatible. Loans to small, needy minority businesses help them to struggle along, but do not usually create jobs for other members of the community. Thus, the EOL program has been successful in the redistributive sense of helping the most disadvantaged minority businesses, but considerably less successful as a solution to the economic problems of disadvantaged communities. Similarly, there is an ambiguity in the MESBIC program about whether minority entrepreneurs are supposed to use their funds in ways that are

responsive to the needs of their community or whether their only responsibility is to make their businesses successful per se.

In short, many SBA programs are torn between the goals helping the minority entrepreneur per se and helping disadvantaged minority communities. Some programs are aimed at the one goal and some at the other. Some seem to be pursuing both. The public, the press and Congress often conflate these goals. Hence, they will react with outrage if public money is used by middle class minority entrepreneurs to invest in profitable but socially irrelevant businesses (because they do little for the disadvantaged community) even though one original goal of these programs was to promote small and new businesses per se.

3. Government Procurement Programs

The third area of government effort we will examine is procurement policy. Federal, state and local governments purchase a wide array of goods and services from the private sector. Since the nature of this process is a mystery to most people, there is some value in briefly reviewing procurement procedures first. At the federal level alone, the government has elaborate rules and regulations governing the procurement process, including different procedures for military, civilian and NASA procurements. Announcements and solicitations of bids are made by direct mailings to vendors on the agencies bidding list, by publication in the Commerce Business Daily (containing all solicitations of over $5,000 for civilian contracts and over $10,000 for military contracts), and by computerized access to

major procurement centers (the Procurement Automated Source System or PASS).

There are two primary methods for awarding contracts. In the first, "formal advertising," the purchasing office sends out "invitations for bids" (called IFBs) to firms on the bidder's list that make or supply a particular product or service setting out the specifications of what the government agency needs. Firms submit sealed bids, which are then publicly opened at a specific time and place with the contract going to the lowest bidder.

The second method is called "negotiation." In this procedure, the agency asks for proposals with detailed estimates of costs and prices. These so-called RFPs (requests for proposals) are sent to a number of vendors. There follows a series of proposals and counter-proposals until the contracting office secures what it considers to be its best proposal.

Many of the larger federal government departments have their own programs to ensure that minority contractors get their fair share of the procurement action (both prime and subcontracts). Examples of this are the Minority Business Enterprise Program in the Department of Transportation and Project PROMOTE in the Department of Interior. Many contracts are awarded to small minority-owned businesses under section 8(a)(1) of the Small Business Act, which authorizes the SBA to negotiate with other federal agencies for goods and services and then subcontract to small businesses owned and controlled by "socially and economically disadvantaged" individuals. Socially disadvantaged

individuals are defined as those "who have been subjected to racial and ethnic prejudice or cultural bias because of their identification as members of certain groups, without regard to their individual qualities." The SBA maintains that it makes this determination on a case by case basis, and that "membership alone in any group is not conclusive proof that an individual is socially disadvantaged." Economically disadvantaged individuals are "socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities, as compared to others in the same line of business and competitive market who are not socially disadvantaged." In 1984, there were 4,896 8(a) subcontracts awarded, amounting to 2.7 billion dollars. The number of 8(a) subcontracts rose until 1980 and then leveled off. The value of these awards has continued to rise however.

[Insert Table II-5 Here]

As to the destination, type and nature of procurement contracts to minorities, the following appears to be true according to the President's Report on Small Businesses:

—Most of the federal prime contract actions over $10,000 went to four states—California, Maryland, Texas and Virginia. They accounted for 42% of the total awards in 1982 and 39% in 1983. California alone accounted for 16% and 15% in 1982 and 1983, respectively.

--compared to small businesses generally, a disproportionate amount of the minority owned business procurement contracts went to services and construction (67% for minorities versus 48% for small businesses), as opposed to supplies and equipment or research and development.

--contracts to minority businesses amounted to 12% and 14% of all small business procurement contracts in 1982 and 1983.

--the Department of Defense is the major source of procurement for both small businesses generally and small minority businesses. Defence contracts (over $10,000) to minority businesses amounted to over $2 billion in 1983 (13% of all the Defence procurements to small businesses). Other major sources of contracts for minority businesses include the Department of the Interior ($106 million), the Department of Transportation ($141 million), NASA ($119 million), the Department of Energy ($101 million), the General Services Administration ($76 million), the Department of Health and Human Services ($68 million) and the Department of Agriculture ($59 million).

One implication of this is that minority small businesses have benefited from the expansion of defence spending under the Reagan Administration. The value of minority subcontracts increased in Defence during the eighties from $452 million dollars in 1980 to $652 million dollars in 1983. The other side of the coin, of course, is that as other departments have been cut back, this has affected

minority procurement accordingly. For instance, procurements from the Department of the Interior and the Department of Transportation during the same period dropped. As a consequence, defense subcontracting increased as a proportion of all subcontracting to minority-owned businesses from 60% to 64% between 1980 and 1983.

To put the procurement picture in perspective, however, it is important to acknowledge certain facts. First, small businesses generally are much more successful at getting contracts under $10,000 than contracts over $10,000 (getting 45% of the former and only 14% of the latter in 1983). Secondly, small businesses got only 13.8% of the total federal procurements over $10,000 in 1983, while big business got 76.8%. Thirdly, minority small businesses got only 14.3% of the total small business procurement action--i.e., 2% of the total federal procurement action for contracts over $10,000. In other words, minority small business procurement is still only a small fraction of the total.

In addition to the federal programs, there are also state and local set aside and preference programs. For comparative purposes, we will focus on the state program in California since it affords us a glimpse at data that are unavailable at the federal level. California contracts with small/minority businesses are overseen by the Office of Small and Minority Businesses. It claims three main responsibilities: implementing the preference program for small businesses (up to 5% preference for small businesses on any bid to the state), giving technical assistance to small, minority and women business owners, and

publishing the California State Contracts Register (CCSR) that advertises State construction and service projects.

Looking at the statistics on state contracts, we can make the following generalizations:(24)

--the total value of state contracts in 1984-85 was $1.8 billion. Of this, minorities got 10.8%, women got 3.8%, and firms owned by caucasian males got 85%.

--the share of minority and female contracts with the state has increased from 10.5% in 1980-81 to the present figure of 14.6%. The share to women increased somewhat more than that to minorities. These increases are the result of efforts to require a plan of action from state departments for small, minority and women business participation. The state has also taken other steps to help them, such as reducing requirements of experience and inventory normally required for contracts, and dividing major projects to allow small contractors an opportunity to bid.

[Insert Table II-6 Here]

--the state departments that do the most business with minorities and women are the Department of General Services ($52 million), the Department of Transportation ($142 million), the Cal State Universities ($5.6 million), the Department of Housing/Community Development ($11.8 million), the Department of Corrections ($6.4 million), the Department of Youth Authority ($3.2 million) and the

Department of Water Resources ($2.7 million). Of these, the Departments of Youth Authority (63%) and the Department of Housing and Community Development (43%) have the highest minority/women participation as measured as percent of total contracts.

In short, minorities seem to be getting a growing share of contracts at the state level.

The state also provides information on the racial/ethnic breakdown of procurement contracts. A perusal of this data yields some interesting patterns. First, California Hispanics do extremely well as compared to other minorities: they got 58% of the total percent of contracts that went to minorities (although only 5% of the total amount of contracts). By comparison, Blacks only got 21% and Asian-Americans only got 15% of the total minority share of state contracts. Also of interest is the fact that the minority share of contracts is not concentrated in the commodities and services area. Minorities took 16.7% of the construction contracts as compared to only 4.9% of the service and 4% of the commodities contracts. This suggests that state procurement contracts are assisting minority firms in the non-traditional areas.

[Insert Table II-7 Here]

Latino firms were particularly successful in winning construction contracts. Most of the contracts for Black firms were in the construction area as well, but in addition, they had a higher share

of service contracts than Asian-Americans and Latinos. This, of course, corresponds to the general concentration of Black businesses in the service area. Lastly, Asian-American firms had the smallest proportionate share of construction contracts and the highest share of commodity contracts. This is not surprising given the general retail orientation of Asian-American firms.

The benefits of minority procurement programs have been hotly debated in recent years. Proponents argue that these programs are justified because minorities otherwise find it hard to break into the procurement process. Like the biases that work against small businesses and in favor of large ones, minority firms might otherwise lack the experience or inventory to qualify for inclusion on agency lists of approved vendors. Many also maintain that procurement programs provide valuable experience for new minority businesses and secure contracts to help them through the first years.

Critics see such programs as reverse discrimination. Notions of fair share, they maintain, have no place in a free market. Prime contractors complain that government stipulations about minority subcontracting force them to work with firms that are not qualified. There have been several instances in which non-minority firms have chosen not to comply or to form pass-through minority companies designed to comply with the law in letter but not spirit.

Whether one likes or dislikes these programs has much to do with perceptions about biases in the marketplace per se. Proponents argue that without these programs, the procurement process and the

market generally discriminate against minorities. Assistance from the government simply offsets the existing biases. Opponents tend not to believe that market biases exist, and therefore see no reason to try to offset them with special programs.

SOME CONCLUDING OBSERVATIONS

Several concluding observations are in order. The first is that if the SBA programs are eliminated due to budget cuts, it will affect two segments of the minority community. It will adversely affect a number of marginal, small minority business owners operating traditional retail or service firms. These individuals have looked to SBA loans when commercial money has been hard to obtain. Many of these businesses fail despite SBA assistance, but the situation will likely be more difficult if this source of support dries up. The second group of minority owners that has benefited from SBA programs are the younger, better educated, minority entrepreneurs who have used SBA money to start their businesses. Unless there are compensating private or government programs, the elimination of SBA funds will also cause them hardship in the short run at least.

Secondly, it is clear that better business skills are crucial to the success of minority businesses. Both the SBA and MBDA provide management assistance and training to minorities. When minority business owners are well-trained, they tend to perform as well, or better, than their non-minority counterparts. One of the most striking pieces of evidence on this point comes from the President's Report on

the State of Small Business 1985. Non-Whites self-employed individuals who have less than a high school education earn only 65% of the average for non-White self-employed individuals as a whole whereas those with 4 years of college earn 142% of the average and those with more than 4 years of college earn 207% of the average.(25) Programs that offer management assistance to minorities who utilize SBA loans or 8(a) procurement opportunities are means of reducing the risk of failure, but it seems far more efficient as a long term policy to ensure that would-be minority entrepreneurs have the best education they can prior to entering business.

Thirdly, while it is fair to speak of a general profile of minority businesses, there are important differences in the circumstances facing Black, Latino and Asian-American business owners in this state, and both government and private efforts to assist them should be sensitive to these differences. Asian-American owners benefit from a somewhat higher socio-economic base and a strong family structure, but they more than any other minority, find themselves confined to small, family owned retail establishments. They show the greatest reluctance to make use of government programs designed to assist them. Economic assimilation for the Asian-American community will mean moving into non-traditional business areas such as manufacturing and construction and increasing per capita as opposed to just family income.

Black business owners are handicapped by a low economic base, a weak family structure and strong feelings of prejudice against them.

They have been concentrated in the personal services area and need to develop larger, more profitable businesses in non-traditional areas. Unlike Asian-Americans, they have not been reluctant to use government programs. However, the programs that have been most heavily utilized by Black business owners such as the EOL program are designed more as redistributive or salvation efforts than as stimulants of economic growth in the Black community.

Latino owners are also hampered by a low economic base and like the Asian-American business owners suffer the additional problems of language and cultural differences with the mainstream consumer. On the other hand, Latino family structure is strong. Like Asian-Americans, Latinos have been successful in the area of family-owned retail businesses. Also, California's Latinos have been the most successful of all minority groups in winning procurement contracts from the State. The question in the future will not be whether a class of middle class Latino owners in non-traditional businesses will arise (they have, viz., TELACU), but whether they will survive if government programs are terminated, and what this will mean to the Latino community at large.

For groups with sufficient population, and hence sufficiently large purchasing power, it is quite possible that some of the private agreements that have been signed with companies like Pepsi, Heublein and Coors will be a promising development. Coors, for instance, has concluded two agreements recently with both Black and Latino groups. The value of the Latino agreement was $350 million and the Black agreement was $325 million over five years in various kinds of business

contracts and programs. Coors pledged among other things that it would deposit $3 million in Black banks, $8.8 million with Black advertising firms, hire thirty Blacks for management positions, place a certain percentage of its insurance business with Black owned companies, and help Blacks to buy beer distributorships. If government programs to assist minority businesses are cut back in the next few years, these "fair share" agreements may assume a greater importance. However, it is a strategy that is available only to large minority groups such as the Blacks and Latinos and not to smaller groups such as the Asian-Americans because the former constitute a sufficiently large share of the market to be noticed, whereas as yet the latter do not.

Finally, it is important to distinguish two separate goals. The first is the creation of minority entrepreneurial class. Just as we might believe that it is important to ease the entry of small businesses into the market, so one might think that it is important to assist minority entrepreneurs to overcome the barriers they face trying to start up a small business. The second goal is the social goal of generating jobs in disadvantaged areas. It may, however, be too much of a handicap to conflate these two goals: i.e., to expect minority small business owners to be profitable and responsible for the revitalization of disadvantaged communities.

Table II-1

COMPARISON OF STATE AND NATIONAL

DISTRIBUTION OF MINORITY OWNED BUSINESSES

	Asian		Black		Latino	
	US	CA	US	CA	US	CA
Construction	4	3	9	5	12	9
Manufacturing	2	3	2	2	3	4
Transportation	2	1	10	5	5	4
Wholesale	3	3	1	1	2	2
Retail	31	32	24	22	26	26
Finance	6	7	4	7	6	6
Services	41	36	44	51	40	39
Other	11	15	6	7	6	10

Sources: 1977 Census Survey of Minority Businesses
Note: Figures Are Rounded Off

Table II-2

INDUSTRY DIVISIONS

BY ASIAN-AMERICAN GROUPS

	All	Constr.	Manu.	Trans.	Wholes.	Ret.	Fin.	Serv.
Chinese	21%	10%	24%	13%	26%	28%	26%	20%
Japanese	25%	25%	24%	22%	23%	19%	28%	21%
Korean	8%	6%	7%	8%	7%	11%	4%	7%
Filipino	8%	6%	4%	11%	5%	5%	13%	12%

Source: 1977 Census Survey Of Minority-Owned Businesses
Note: (1) Entries Are Percent Of All Asian-American Businesses
(2) Figures Are Rounded Off

Table II-3

CALIFORNIA FAMILY AND INCOME STATISTICS

	White	Black	Latino	Japanese	Chinese	Filipino	Korean
Family Median Income	$22,748	$14,887	$16,081	$27,388	$24,409	$23,586	$20,713
Persons Per Family	3.11	3.43	4.00	3.14	3.62	4.02	3.80
Per Capita Income	$ 9,109	$ 5,710	$ 4,783	$ 9,567	$ 7,946	$ 6,625	$ 6,010

Source: 1980 Census Survey

Table II-4

DISTRIBUTION OF MESBIC FUNDINGS

	1977 Census	MESBIC % Of Financings (1983)	MESBIC % Of Disbursements (1983)
Construction	9	5	7
Manufacturing	2	14	16
Transportation/ Communication/ Public Utilities	7	22	21
Wholesale	2	7	7
Retail	26	31	25
Finance/ Insurance/ Real Estate	5	2	3
Services	42	18	19
Others	7	2	1

Source: 1985 President's Report on Small Businesses

Table II-5

TRENDS IN 8(a) SUBCONTRACTING

	1977	1978	1979	1980	1981	1982	1983	1984
Number Of Subcontracts	2273	3410	4047	5218	4974	4227	4898	4896
Total Dollar Amount (Thousands)	566,218	767,994	1,027,423	1,666,015	2,015,192	2,009,371	2,312,885	2,734,895
Average Dollar Amount	204	225	253	319	405	475	472	558

Source: US SBA Report 8(a)-1016, September 1984

Table II-6

CHANGES IN STATE

PROCUREMENT TO MINORITY/WOMEN-OWNED BUSINESSES

1980-1981		1984-1985	
1.2%	9.2%	3.8%	10.8%
Women-Owned	Minority-Owned	Women-Owned	Minority-Owned

Table II-7

PARTICIPATION OF

RACIAL/ETHNIC GROUPS IN STATE PROCUREMENT

	Black	Asian-American	Hispanic
Commodities	$ 2,695,400 [8%]	$ 6,541,148 [27%]	$10,361,481 [11%]
Services	$ 5,703,501 [18%]	$ 2,016,204 [9%]	$ 4,035,069 [5%]
Construction	$25,432,142 [74%]	$15,319,618 [64%]	$75,808,178 [84%]
Percent Of All Minority Procurements	21%	15%	58%

Source: Annual Report 1984-5, Dept. of General Services, Office of Small and Minority Businesses

Panel II

FOOTNOTES

1. See, for instance, Burton Klein, Dynamic Economics (Cambridge: Harvard University Press, 1977).

2. U.S. Dept. of Commerce, Bureau of the Census, Survey of Minority-Owned Business Enterprises, 1977.

3. The State of Small Business: A Report of the President, May 1985, p. 341.

4. Ibid., p. 342.

5. New Perspectives on Minority Business Development, A Report for the Minority Business Development Agency, August 1983, p. 75.

6. The State of Small Business, op cit., p. 346.

7. Ibid., p. 359.

8. Testimony of John J. Motley, III, Deputy Director of Federal Legislation, National Federation of Independent Business, in Hearing Before Subcommittee on Tax, Access to Equity Capital and

Business Opportunities, 98th Congress, Washington, D.C., April 27, 1983, p. 53.

9. The Determinants of the Growth of Black-Owned Businesses by David Swinton and John Hardy, U.S. Dept. of Commerce (MBDA) Report, September 1983, pp. 22-23.

10. Ibid., pp. 10-12.

11. Ibid., pp. 13-15.

12. See, for instance, "Black Enterprises Fight on Uphill Battle," Los Angeles Times, April 8, 1984.

13. Socio-Economic Analysis of Asian-American Business Patterns, U.S. Dept. of Commerce, 1977, Chapter 8.

14. Testimony of Harold T. Yee, President of Asian, Inc., in Hearings Before the Subcommittee on General Oversight and Minority Enterprise, 96th Congress, Washington, D.C., June 9 and 16, 1980, pp. 131-136.

15. "Black Enterprises Fight an Uphill Battle," op cit.

16. "Golden State Broadens Its Market," Los Angeles Times, September 24, 1984, and "Black-Owned Insurers Expect Fight To Survive," Los Angeles Times, July 19, 1983.

17. New Perspectives on Minority Business Development, op cit., p. 110.

18. Ibid., p. 114.

19. Timothy Bates, "Small Business Administration Loan Programs," in Sources of Financing For Small Business, eds., Paul Horvitz and R. Richardson Pettit (Greenwich, CT: JAI Press, 1983).

20. New Perspectives on Minority Business Development, op cit., p. 11.

21. Statement by Hon. Parrsen J. Mitchell, Chairman of the Subcommittee on SBA and SBIC Authority, Minority Enterprise and General Small Business Problems, 97th Congress, November 23, 1982, p. 2.

22. The State of Small Business, op cit., p. 348.

23. See Report on a Special Survey of the Small Business Investment Company Program, Office of Inspector General, U.S. Small Business Administration, February 1980.

24. Data comes from the Annual Reports, Office of Small and Minority Business, Dept. of General Services, 1982-86.

25. The State of Small Business, op cit., p. 347.

Panel III

DISCRIMINATION AND THE OPPORTUNITY STRUCTURE OF AMERICAN SOCIETY: THE PERCEPTIONS OF CALIFORNIA'S MINORITIES

As indicated in Part I of our study, the formation and persistence of the Democratic New Deal coalition earlier in this century has fostered expectations among many politicians and political observers that something like that coalition might arise in the latter part of this century. Just as the children of European immigrants had joined with Northern Blacks to elect a generation of Democratic office-holders, so too would the children of the "new" immigrants--Latino and Asian-American--take their natural political place, with Blacks, in the traditional party of ethnic minorities. We concluded Part I on a tentative note. Whether or not the interests of various minority groups find representation under the aegis of the same political party, we argued, hinges upon a number of related factors--the particular mix of public policy issues which dominate the agenda, the degree to which minority groups become politically mobilized, and the success rates of Black, Asian-American and Latino candidates for public office.

In this part of the study we will seek to gain more insight into the prospects for a coalition of the major ethnic minority groups in

California. We do so by focusing on experiences and perceptions which would in all likelihood provide the common ground for such a coalition. In our view the most plausible scenario is that of minority groups coming together politically in response to shared experiences of discrimination on account of race/ethnicity and perceptions of inequities in the opportunity structure of American society. There are several sources of diversity which could serve to politically divide each major minority group from the other--differences in objective economic standing, in place of residence, in educational attainment, or in cultural traditions. The single basis of coalition formation, however, is the belief of minority individuals that because of their minority group status they do not enjoy full access to the educational, economic, and social opportunities which avail themselves to the White majority.

Personally experienced discrimination, furthermore, might well act as a particularly potent catalyst for the formation of a coalition of Blacks, Latinos, and Asian-Americans. It is hard to discount the impact of direct, personal experience; few would dispute Adam Smith's observation that "every man feels his own pleasures and own pains more sensibly than those of other people." Also, the personal experience of discrimination is relevant political information which is effortlessly acquired in the routine of daily life. This is an especially important factor for members of minority groups who are, as shown in Part I, less interested, less engaged, and less active in politics than members of the White majority. The child of Chinese immigrants, after all, does

not need detailed knowledge about the nature of American society to feel the sting of a racial epithet. A Black couple need not be politically sophisticated to infer that race matters when all the available apartments in a White neighborhood just happen to have already been rented when they arrive to inspect them.

To be sure, perceived discrimination and lack of opportunity do not automatically generate political alliances. Although such perceptions might make some members of a particular minority group more sympathetic toward California's other minority groups, others might become more antagonistic in response. For Blacks the issue is especially poignant. Are newly arrived Latinos fellow victims of discrimination, or just the latest wave of immigrants who serve only to retard Black progress as they scramble up the economic ladder?

Minority group members' perceptions of the opportunities available to their group and to other minorities are thus crucial to understanding the present and future of California politics. We report below the results of our analyses of responses to survey items which were designed to elicit these perceptions. These analyses revolved primarily around the following parallel batteries of questions:

> Do you think there are any groups of people in the United States today who get <u>fewer</u> opportunities than they deserve? . . . Any other groups?

> Do you think there are any groups of people in the United States today who get <u>more</u> opportunities than they deserve? . . . Any other groups?

Most survey researchers believe that Blacks and members of other minority groups are frequently reluctant to discuss matters of race and ethnicity with White interviewers, even over the telephone. They also suspect that in opinion surveys Whites are reticent about expressing racist views which are no longer socially acceptable. Although many of our interviewers were Asian-American or Latino (we employed bilingual interviewers to conduct interviews in Spanish) matching the race/ethnicity of respondents with the race/ethnicity of interviews was not feasible. Had we been able to do, it is possible that more minority group members would have reported that their group did not receive the opportunities that they deserved.

Any such effects, however, should have been mitigated by the fact that our interviewers solicited up to four responses to each question. Tables III-1 and III-2 display the responses of Whites, Blacks, Latinos, and Asian-Americans to the questions regarding discrimination and group opportunities. It should be noted that the entries in each cell of Tables III-1 and III-2 are not mutually exclusive. The same respondent, for example, could state that Blacks, Latinos, and Asian-Americans are disadvantaged, and all three responses would be registered.

[Insert Tables III-1 and III-2 Here]

Several things are readily apparent from these figures. First, it is clear from Table III-1 that Blacks are far more likely than Latinos to perceive that people of their race/ethnicity are disadvantaged; 42%

of Black respondents stated that Blacks received fewer opportunities than deserved, while only 23% of the Latinos affirmed a belief that Latinos were deprived of deserved opportunity. Although they were given up to four chances to say so, only 8% of the Asian-Americans in our sample reported that being Asian-American limited their opportunities. Reports that Whites lacked opportunities were virtually nonexistent, and for that reason are not reported.

Reports that Whites were unfairly advantaged, however, were fairly widespread, as indicated in Table III-2. Consistent with the pattern in Table III-1, Blacks were more likely than members of other racial/ethnic groups to report the belief that Whites received more opportunities than they deserved; one out of four Blacks said so, compared to 16% of the Asian-Americans, 15% of the Latinos, and only 5% of the Whites. Besides Whites, no other group was perceived to be unfairly advantaged by more than a small number of respondents, regardless of their race/ethnicity. There is a glimmer of Black resentment of Asian-Americans, in that 8% of the Blacks reported that Asian-Americans were unfairly advantaged. This is tempered, however, by figures in Table III-1 which indicate that 5% of the Blacks interviewed stated that Asian-Americans were unfairly disadvantaged. There is also an interesting asymmetry across the board between Tables III-1 and III-2, in that respondents, whatever their race/ethnicity, were considerably more likely to perceive a particular group or group as unfairly disadvantaged than to assert that some group received more opportunities than they deserved. It is probably a favorable sign for

the California body politic that there is more sympathy for the underdog than resentment against the privileged.

In addition to differences across racial/ethnic categories of respondents, there was also considerable agreement across groups as to the structure of opportunities in American society. As indicated earlier, when asked which groups in the country today received fewer opportunities than they deserved, Blacks referred to Blacks more frequently than to any other group. But so did Whites and Asian-Americans; 20% and 19%, respectively, of respondents in these categories reported that Blacks did not receive the opportunities they deserved. For Asian-Americans this figure was far higher than the number who mentioned Asian-Americans. Blacks, similarly, were as likely to report that Latinos were disadvantaged (22% said so) as were Latinos themselves (23%). Finally, only a handful of respondents, regardless of whether they were White or not, reported that any minority group received more opportunities than warranted, or stated that Whites received too few opportunities. If there is a backlash against affirmative action it appears to have reached only tiny proportions in California.

We turn now to our analysis of prejudice and discrimination which respondents reported to have personally experienced. These perceptions were elicited from the following questions:

> Have you, yourself, personally experienced discrimination because you are [Black, Mexican-American, Asian-American]? (The respondent's race/ethnicity was inserted automatically at this point by the computer).

> (If "yes" to the previous question) Thinking of the most serious discrimination you have experienced . . . was it in getting a job, or getting into school, in getting a house or apartment, in a social situation, or in some other respect?

We chose not to pose these questions to White respondents. It should also be noted that an error in the interview software resulted in non-Mexican Latinos not being asked these questions either. This reduced the number of Latino respondents for this set of analyses by 69 and, more regrettably, precluded comparisons between Mexican and non-Mexican Latinos. The breakdowns of responses to these questions by respondents' race/ethnicity are reported in Table III-3.

[Insert Table III-3 Here]

As these figures indicate, the degree and nature of personally experienced discrimination reported in our survey varied dramatically across groups. Not only were Blacks more likely to report personally experienced discrimination, the discrimination they cited was largely economic in nature--not getting a job, an apartment, or into college, etc., on account of race. In contrast, two-thirds of the Asian-Americans who reported being personally discriminated against referred to social situations--presumably snubs, misguided attempts at ethnic humor, or insults--but not something which was economically injurious. Latinos fell between these extremes, with 19% reporting economic discrimination and 16% reporting social discrimination.

In both their group-level perceptions and in their personal experiences, then, Blacks are more likely than either Latinos or Asian-

Americans to believe that their race/ethnicity has hindered them in their pursuit of material well-being. The relatively greater salience of race/ethnicity to Blacks is reflected in their responses to two other questions asked in the interview. These questions were as follows:

> As you mentioned previously, you are [. . .] (respondent's race/ethnicity inserted automatically by the computer). Do you think most Americans are prejudiced against [. . .], only some Americans are prejudiced, or that most Americans are not prejudiced?
>
> Do you think there are problems today of special concern to [. . .] Americans? (respondent's race/ethnicity inserted automatically.) White respondents were asked, "Do you think there are problems today of special concern to people of your racial or national background?"

As in the case of the questions pertaining to personally experienced discrimination, we chose not to ask the question about Americans' degree of prejudice to White respondents. Responses to these question broken down by race/ethnicity are reported in Tables III-4 and III-5.

[Insert Tables III-4 and III-5 Here]

Compared to Latinos and Asian-Americans, Blacks also perceive Americans in general to be considerably more prejudiced. Although Asian-Americans were more likely than Latinos to report having personally experienced discrimination (45% to 35%), they perceived Americans in general to be less prejudiced than did Latinos. Asian-Americans, in fact, were twice as likely as Blacks (42% compared to

21%) to report a belief that most Americans were not prejudiced against them.

Turning next to Table III-5, it is evident that Blacks were considerably more likely than either Whites or members of other minority groups to name a particular problem as one of special concern to them. Sixty percent of the Blacks in our survey gave a positive response to this question, while only 21% of the White respondents did so. It is also clear that one particular problem stood out in Blacks' minds as especially troublesome for the Black community--unemployment. Over three out of ten Blacks cited this problem, compared to 9% of the Latinos and only a handful of Whites and Asian-Americans. Latino respondents stood out in their relatively high propensity to refer to education.

From the analyses we have so far undertaken it is clear that minority group status is far more salient to Blacks than to either Asian-Americans or Latinos. Blacks are far more likely than members of the other minority groups to feel that as a group they do not get the opportunities they deserve, that Whites get more opportunities than they deserve, that they have personally experienced discrimination, that many Americans are prejudiced against them, and that they are more adversely affected by unemployment and other problems than are Americans in general. For the most part, their experiences and perceptions of American society make them more sympathetic to the lot of other minority groups. Latinos and Asian-Americans, in contrast, appear to be no more likely than Whites to perceive that Blacks are

unfairly disadvantaged. Although this is a point we will return to later, it would appear that Blacks, at least in California, are as likely to receive political support for their interests from Whites as from other minority groups.

At this point, the focus of our analysis shifts somewhat. Having examined differences between groups in their experiences and perceptions regarding race/ethnicity, we now turn to the task of investigating intergroup differences. What makes some Whites, for example, more sympathetic than other Whites to the interests of Blacks? Or, regardless of a person's race/ethnicity, what variables affect their perceptions of group opportunities?

Although we investigated the impact of several demographic and socioeconomic variables in this paper we report only our findings concerning education and the length of time the respondent's family has been in the United States. These are reported in Tables III-6, III-7, and III-8.

[Insert Tables III-6, III-7, and III-8 Here]

Table III-6 reports our analysis of a dichotomous measure of educational attainment. In one category are respondents who have a high school diploma or who dropped out before finishing high school. The other category contains everyone who reported attending college, whether they earned a degree or not. It also included those who went on to earn an advanced degree. The figures in this table indicate that Whites who attended college were considerably more likely than those

who had not to perceive that Blacks and Latinos received fewer opportunities than they deserved. Blacks who had attended college were also much more inclined to believe that Whites were advantaged, but their perceptions of Blacks' and Latinos' opportunities were only marginally different. Among Latinos and Asian-Americans, however, things were considerably different. Level of education appeared to have no consistent impact upon the perceptions of these minorities regarding groups opportunities in the country today.

Latino and Asian-American perceptions of prejudice and discrimination did vary, however, as a function of how long their families had been in the United States. The pattern, however, was an uneven one. Reports of personally experienced economic discrimination declined steadily from first-generation to second-generation to native Latinos and Asian-Americans, but reports of social discrimination were much more frequent among second generation respondents (those who were born in the United States, but whose parents were not) than among either immigrants or natives.

Although responses of Latinos and Asian-Americans paralleled each other in Table III-7, in Table III-8 distinct differences between the two groups are evident. Latinos' perceptions of how prejudiced most Americans tended to be against them was unrelated to the generation of their family's arrival. Among Asian-Americans, however, perceptions of prejudice dropped sharply between second-generation respondents and those whose parents had been born in the United States. Only 3% of the latter group felt most Americans were prejudiced, while 61% said most

were not. Although several possible explanations for these Latino-Asian differences are plausible, until additional analyses are undertaken we can only speculate as to what the sources of the differences actually are.

The final task we need to undertake in our analysis is to determine what consequences experiences of discrimination and perceptions of social/ethnic inequities have for individuals' policy preferences and political behavior. Inspection of Tables III-9 and III-10 reveals that minority group members who report having personally experienced discrimination differ from those who do not--in a couple of respects.

[Insert Tables III-9 and III-10 Here]

First, such individuals, regardless of whether they were Black, Latino, or Asian-American, were much more likely to report a problem which they viewed to be of special concern to their group. The salience of all major problems appeared to be higher among those who reported discrimination. One of the more dramatic differences, though, was that pertaining to education among Latinos; 17% of those who reported having personally experienced discrimination referred to education, as opposed to 5% who did not.

A similar pattern appears in Table III-10. Minority respondents who reported personal experiences of discrimination were more likely to have joined an organization intended to address some type of serious problem--crime, local public services, or one of several other

problems. These responses came in reply to the following pair of questions:

> Have you ever joined or worked in an organization to do something about a problem in your community, or a state or national level problem?
>
> (If "yes" to the previous question) The last time you did this, what was the particular problem you were concerned about?

[Insert Table III-11 Here]

In sharp contrast to the fairly sizable effects present in Tables III-9 and III-10 are the findings reported in Table III-11. The figures in this Table indicate that personally experienced discrimination had no consistent impact upon minority group members' views on several important national policy issues. Thirty-nine percent of the Blacks in our survey who reported personally experienced discrimination, for example, opposed the death penalty. But so did 39% of the Blacks who said they had not personally experienced discrimination. Seventy-seven percent of Latinos who reported personally experienced discrimination favored bilingual education programs. But so did 75% of the Latinos who did not report such experiences. There were a few differences present where discrimination was associated with differences in the predicted direction, i.e., higher percentages choosing the liberal position. But there were just as many differences present in which higher percentages of those who reported discrimination choose the conservative position of an issue. To be sure, this sometimes makes sense, as in the case of Blacks' views

on amnesty for undocumented aliens. The undesirability of increased labor market competition might understandably make Blacks who reported discrimination regard amnesty less favorably. Still, the general pattern which emerges from Table III-11 is one of weak and inconsistent effects.

Tables III-12 and III-13 report the differences in national policy views which are associated with the group-level perceptions of inequities in opportunity. Table III-12 reports breakdowns by whether or not respondents of the major social/ethnic groups had asserted that Blacks receive fewer opportunities than they deserve. Table III-13 reports the corresponding figures for perceptions that Latinos receive too few opportunities.

For minority group respondents, findings were similar to the findings reported in Table III-11. Those who stated that their group received fewer opportunities than deserved (regardless of whether or not they had reported personally experienced discrimination) were only occasionally more likely than other minority individuals to take a liberal position on national policy issues. A few of the predicted differences were present. In Table III-12, for instance, Blacks who stated that Blacks received too few opportunities were more opposed to tuition tax credits for private schools. In Table III-13 Latinos who believed Latinos received too few opportunities were considerably more supportive of bilingual education and bilingual ballots. But again, for minority group respondents many of the predicted differences failed to emerge.

Remarkably, however, perceptions that Blacks or Latinos were unfairly disadvantaged affected the policy positions of White respondents in a strong and consistent manner. In all instances, White respondents who believed this to be true were more likely to adopt the liberal position. For the most part, Asian-Americans responded in the same fashion, although for this group differences tended to be weaker and less consistent.

Several conclusions can be drawn from these findings. What we believe to be the most important ramification, however, is that in seeking political allies to support their interests, minority group leaders cannot count on common perceptions of discrimination and justice to foster a natural coalition between their group and other minorities. As a source of political support, liberal Whites would appear to be at least as promising as other minority groups.

Table III-1

PERCEPTIONS THAT RACIAL/ETHNIC GROUP RECEIVES FEWER OPPORTUNITIES THAN THEY DESERVE

Race/Ethnicity of Respondent	White	Black	Latino	Asian
Fewer Opportunities Than Deserved Received By:				
Blacks	20	42	20	19
Latinos	12	22	23	14
Asians	3	5	4	8

Table III-2

PERCEPTIONS THAT RACIAL/ETHNIC GROUP RECEIVES

MORE OPPORTUNITIES THAN THEY DESERVE

Race/Ethnicity of Respondent	White	Black	Latino	Asian
More Opportunities Than Deserved Received By:				
Whites	5	25	15	16
Blacks	4	0	3	4
Latinos	4	2	2	2
Asians	1	8	6	2

Table III-3

PERSONALLY EXPERIENCED DISCRIMINATION REPORTED BY

BLACKS, LATINOS, AND ASIAN-AMERICANS

Race/Ethnicity of Respondent	Black	Latino	Asian
Most Serious Discrimination Personally Experienced:			
None	39	65	55
Social	19	16	30
Economic	42	19	15

Table III-4

DEGREE OF PREJUDICE DIRECTED TOWARD
ONE'S RACIAL/ETHNIC GROUP

Race/Ethnicity of Respondent	Black	Latino	Asian
American's Degree of Prejudice:			
Most Are Prejudiced	17	10	5
Some Are Prejudiced	63	54	52
Most Are Not Prejudiced	21	36	42

Table III-5

PROBLEMS OF SPECIAL CONCERN TO
ONE'S RACIAL/ETHNIC GROUP

Race/Ethnicity of Respondent	White	Black	Latino	Asian
Problem Reported:				
None	79	40	56	69
Discrimination	7	12	11	10
Unemployment	2	31	9	3
Education	0	3	9	2

Table III-6

THE EFFECT OF RACE/ETHNICITY AND EDUCATION UPON PERCEPTIONS OF GROUP OPPORTUNITIES

Race/Ethnicity of Respondent	White		Black		Latino		Asian	
	Attended College							
	Yes	No	Yes	No	Yes	No	Yes	No
Opportunities Received by Particular Groups:								
Blacks Fewer	12	26	37	45	18	22	20	19
Latinos Fewer	7	17	19	24	24	19	8	16
Whites More	2	8	17	32	14	16	16	16

Table III-7

PERCEPTIONS OF DISCRIMINATION AMONG FIRST GENERATION, SECOND GENERATION, AND NATIVES: LATINOS AND ASIAN-AMERICANS

Race/Ethnicity of Respondent	Latino			Asian		
	Generations in the U.S.					
	First	Second	Native	First	Second	Native
Most Serious Discrimination Personally Experienced:						
None	70	56	65	61	39	56
Social	9	24	17	22	47	36
Economic	21	20	16	17	14	8

Table III-8

DEGREE OF PREJUDICE PERCEIVED BY FIRST GENERATION, SECOND GENERATION, AND NATIVES: LATINOS AND ASIAN-AMERICANS

Race/Ethnicity of Respondent	Latino			Asian		
	Generations in the U.S.					
	First	Second	Native	First	Second	Native
Americans' Degree of Prejudice:						
Most Are Prejudiced	8	13	9	5	5	3
Some Are Prejudiced	53	51	56	54	56	36
Most Are Not Prejudiced	39	36	35	41	40	61

Table III-9

PERSONALLY EXPERIENCED DISCRIMINATION AND PROBLEMS OF SPECIAL CONCERN TO RESPONDENT'S RACIAL/ETHNIC GROUP

Race/Ethnicity of Respondent	Black		Latino		Asian	
	Personally Experienced Discrimination					
	Yes	No	Yes	No	Yes	No
Percentage Reporting Group-Specific Problem:						
None	32	51	41	65	59	77
Discrimination	14	7	17	8	15	6
Unemployment	36	25	8	10	3	3
Education	4	2	17	5	2	1
Other	14	15	17	12	21	13

Table III-10

PERSONALLY EXPERIENCED DISCRIMINATION

AND ORGANIZATIONAL PARTICIPATION

Race/Ethnicity of Respondent	Black		Latino		Asian	
	Personally Experienced Discrimination					
	Yes	No	Yes	No	Yes	No
Problem Addressed by Organization:						
Respondent Never Joined Organization	57	72	71	87	72	83
Crime	14	8	5	3	6	3
Local Services	12	10	14	4	10	8
Other	17	10	10	6	13	6

Table III-11

THE EFFECT OF PERSONALLY EXPERIENCED
DISCRIMINATION UPON POLICY POSITIONS
(Percentage Choosing The Liberal Alternative)

Race/Ethnicity of Respondent	Black		Latino		Asian	
	Personally Experienced Discrimination					
	Yes	No	Yes	No	Yes	No
Policy Issue:						
ERA	93	93	89	88	80	87
Tuition Tax Credit	47	48	42	51	47	51
Welfare Spending	93	94	80	82	68	75
Death Penalty	39	39	25	29	14	18
Amnesty	49	63	75	74	65	52
Sanctions	62	59	51	48	65	55
Bilingual Education	69	76	77	75	47	64
Bilingual Ballots	57	56	67	65	45	48

Table III-12

THE EFFECT OF PERCEPTIONS OF
BLACK OPPORTUNITIES UPON POLICY POSITIONS
(Percentage Choosing The Liberal Alternative)

Race/Ethnicity of Respondent	White		Black		Latino		Asian	
	Blacks Receive Fewer Opportunities:							
	Yes	No	Yes	No	Yes	No	Yes	No
Policy Issue:								
ERA	91	74	95	92	89	89	87	84
Tuition Tax Credit	59	45	55	42	42	50	53	46
Welfare Spending	73	65	94	93	85	81	80	71
Death Penalty	28	16	39	39	22	28	19	16
Amnesty	59	50	48	41	76	75	57	57
Sanctions	34	30	36	40	51	51	35	42
Bilingual Education	52	46	68	74	80	74	62	55
Bilingual Ballots	42	28	59	55	68	66	48	46

Table III-13

THE EFFECT OF PERCEPTIONS OF

LATINO OPPORTUNITIES UPON POLICY POSITIONS

(Percentage Choosing The Liberal Alternative)

Race/Ethnicity of Respondent	White		Black		Latino		Asian	
	Blacks Receive Fewer Opportunities:							
	Yes	No	Yes	No	Yes	No	Yes	No
Policy Issue:								
ERA	89	76	93	93	89	89	91	83
Tuition Tax Credit	64	45	48	47	45	49	57	46
Welfare Spending	80	65	91	94	86	80	81	71
Death Penalty	27	17	49	36	25	27	19	16
Amnesty	63	50	52	54	76	75	53	58
Sanctions	44	29	31	41	55	50	46	39
Bilingual Education	63	45	70	72	85	72	64	55
Bilingual Ballots	54	28	65	54	77	63	44	47